



Daily Report

Latin America

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FBIS-LAT-96-045

Wednesday

March 1996

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March 1996

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Daily Report

Latin America

FBIS-LAT-96-045

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6 March 1996

INTER-AMERICAN AFFAIRS

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Inter-American Affairs: Andean Pact Documents Disclosed

PY0603033196 Madrid EFE in Spanish
1859 GMT 5 Mar 96

[FBIS Translated Excerpt] Trujillo (Peru), 5 Mar (EFE) — The "difficulties" in carrying out the institutional reform of the Andean Pact, and the struggle against drug trafficking and corruption are the main issues being discussed by the technical delegations of the Andean Pact members who are meeting in Trujillo.

The effort for the institutional reform of the Andean Pact is running into "serious difficulties," said sources of the technical delegations who started meeting yesterday to prepare the documents to be signed at the conclusion of the Eighth Meeting of the Council of Andean Presidents to be held from 8 to 10 March in Trujillo, 561 km north of Lima.

The documents to be signed are the "Reform Protocol of the Andean Group" and the "Act of Trujillo."

EFE was told that the "Act of Trujillo" will reflect the position of the Andean countries in relation to drug

trafficking, corruption, human rights, environment, and the joint use of a communications satellite.

Regarding drug trafficking, it is expected that Colombia will demand in Trujillo the solidarity of its partners after the United States "failed to certify" the Colombian Government for its struggle against drug trafficking, a situation which brings the threat of an economic blockade.

The "Reform Protocol of the Andean Group" must be the basis on which the signatory countries of the Cartagena Accord could create the Andean Integration System (SAI).

The documents will be signed by Presidents Gonzalo Sanchez de Lozada of Bolivia; Ernesto Samper of Colombia; Sixto Duran-Ballen of Ecuador; Alberto Fujimori of Peru; and Rafael Caldera of Venezuela; who will be arriving in this city on 8 March.

Panamanian President Ernesto Perez Balladares will attend the meeting as a guest because Panama is in the process of joining the Andean Pact. [passage omitted]

Cuba

Cuba: Official Says CIA Behind Refugee Organization

BR0503162396 Brussels LE SOIR in French
5 Mar 96 p 2

[Interview with Cuban Deputy Foreign Minister Isabel Allende by Veronique Kiesel; place and date not given: "The Cuban Diplomatic Situation"]

[FBIS Translated Text] [Kiesel] Ten days ago, Cuban fighters shot down two small U.S. civilian aircraft belonging to an organization of Cuban emigres living in Florida. Why such a brutal reaction when there was no threat to national security?

[Allende] This organization, named the "Brothers in Aid," claims to be a civilian organization with humanitarian aims, when it is in fact linked to the CIA and financed by the Cuban far right in the United States. This organization has already carried out several acts of terrorism and over the past 20 months has violated our airspace more than 25 times. It has illegally flown over the Cuban capital on several occasions, distributing propaganda tracts.

On Saturday 24 February they violated our airspace in an area which is a no-fly zone for reasons of security and defense. We warned them they were guilty of a violation and their leader, who was in the third plane, stated that this was of no importance and that they would continue. After several warnings it became clear that only an extreme measure would put an end to these threats to our security.

I am the first person to deplore the loss of human life. We do not usually act in this way, but on this occasion it was inevitable. We had to put a stop to these daily acts of provocation by an organization which is not only concerned with those who have fled Cuba but which also makes terrorist incursions. We were also obliged to act for internal political reasons: Our people did not understand why we were allowing ourselves to be treated like this.

[Kiesel] Your relations with the United States were gradually becoming somewhat warmer. But that is now all in the past....

[Allende] The first U.S. response, after the planes were shot down, was to request permission to look for possible survivors in our territorial waters, permission which we granted. Under pressure from the Cuban and American far right, they then changed their minds, claiming that it had all occurred in international waters. Washington could have avoided the situation: The organization was based on American territory. We had

already warned the U.S. Government several times in writing, and it told us it would take steps to stop a repeat of the violations....

Most surprisingly the Security Council, over which the United States at present presides, did not wait for our foreign minister to return to New York from Europe and present the Cuban case. The council adopted a declaration which is critical of Cuba and which is based on an amendment to the International Civil Aviation Convention which is not yet in force because it has not been ratified: Neither Cuba nor the United States has ratified it, and nor have eight of the 15 Security Council members. Cuba immediately protested, and the nonaligned countries demanded a meeting of the UN General Assembly in order to hear the Cuban arguments.

[Kiesel] But any hope of seeing the lifting of the U.S. embargo has now disappeared....

[Allende] We have had poor relations with Washington for the last 37 years. Although this embargo certainly further complicates our efforts to restructure our economy, even if it is tightened up it will not stop us from developing our relations with the international community. Cuba offers many possibilities for investors and agreements to protect investments are being put into place. The U.S. embargo does, however, amount to serious interference with Cuban sovereignty, as well as for the principal U.S. partners, Canada and Mexico.

[Kiesel] Do you think this incident will also affect your relations with the European Union?

[Allende] I do not think so. Admittedly the European Union condemned Cuba without having heard us. With all the respect I have for Europe, I find this condemnation hasty. But the European Union rejected the U.S. blockade, declaring it illegal and contrary to the rules of the World Trade Organization.

[Kiesel] Apart from this military action against the two light aircraft, Cuba also arrested a group of opponents who were trying to form a democratic party. That is a lot for international public opinion....

[Allende] We must be clear on a number of points: There were reports of widespread arrests when just two people were arrested for their refusal to obey the authorities. Also, it was not an attempt to form a democratic party. An organization sought to arrange a meeting which had not been authorized, as we knew the people behind it were linked and financed by the United States, and that they were collaborating with American interests. It is almost treason against the fatherland. There is a political debate in Cuba, but we cannot permit a threat to the country's integrity. One of the main aims of the revolution was the unity of revolutionary forces.

Without that we would not have survived such extreme pressure. Some say that the Cold War is over, but for us it is rather hot....

Cuba: Delegation to Montreal Civil Aviation Meeting

PA0503143496 Havana PRENSA LATINA in Spanish
1124 GMT 5 Mar 96

[FBIS Translated Text] Havana, 5 Mar (PL) — Ricardo Alarcon, president of the National Assembly of the People's Government, left for Montreal today, 5 March, heading the Cuban delegation that will attend the meeting of the International Civil Aviation Organization (ICAO).

The ICAO will hold its sessions tomorrow, 6 March, and will review the events of 24 February, when two planes that were manned by opponents of the island's regime living in Miami and that had violated Cuban airspace were shot down.

The Cuban delegation will also ask the organization to examine the topic of the repeated illegal incursions of planes flying from the United States, which penetrate Cuban airspace and even conduct subversive and terrorist activities.

These flights are commonly carried out, among others, by the group called "Brothers to the Rescue," which caused the 24 February incidents.

One of their pilots, Juan Carlos Roque, abandoned the group, traveled to this capital, and said that "Brothers to the Rescue" conceals, behind a proclaimed humanitarian interest, plans for sabotage and attacks in Cuba, and also maintains special links with U.S. special services.

The ICAO meeting will examine the evidence, which Cuba has already announced it will present, on what happened the day the planes were shot down, as well as on the dozens of occasions in which aircraft manned by counterrevolutionary elements violate Cuban airspace and even fly over the country's territory.

Cuba: Vice Foreign Minister on Mar 6 UN Deposition

PA0603004996 Havana Cubavision Network
in Spanish 1730 GMT 5 Mar 96

[Interview with Vice Foreign Minister Mary Flores by announcer Julio Acanda in the Havana studio — live]

[FBIS Translated Text] [Acanda] It was just announced at 1000 on Wednesday, March 6, the United Nations General Assembly [UNGA] will hear Cuba's voice regarding the incident of February 24. This is why we

have with us in the studio, Vice Foreign Minister Mary Flores. Good afternoon.

[Flores] Hello, Acanda. How is it going?

[Acanda] Fine, thank you. What might be the outcome of Cuba's deposition to the UNGA, together with the deposition before the International Civil Aviation Organization [ICAO] in Montreal?

[Flores] As you might remember, Foreign Minister Robaina did not get to speak before the UN Security Council due to the fact that the United States, using its prerogative as president of the Council for the month of February, rushed the issuance of a declaration. Robaina was scheduled to arrive in New York a few hours later, and yet they did not wait for his arrival to give Cuba an opportunity to speak.

In light of the council's decision, Cuba formally asked the president of the General Assembly to convene the restart of the sessions of the 50th UNGA. In other words, to make that decision the president of the General Assembly has to consult with the different regional groups. It is significant that Cuba's request was met with massive and unanimous support, particularly from the Nonaligned Movement; its coordination bureau unanimously supported the request and 27 of its members spoke in favor of it.

[Acanda] You do believe that the efforts to democratize the United Nations is a good sign that Cuba will now be able to present its position before the General Assembly?

[Flores] Great efforts have been made to democratize the United Nations, but it is a right of every UN state member to address the General Assembly. This is precisely the right that Cuba invoked.

Therefore, it was officially announced today that tomorrow at 1000 the General Assembly will meet to hear Foreign Minister Robaina.

I must point out that Cuba is simply seeking to be heard, to present its side of the story, to allow its truth to be expressed at the General Assembly, which is the plenary body of the United Nations. As we all know, the Security Council is a club comprising 15 countries, but the General Assembly comprises 185 member states. Therefore, Cuba will present its argument regarding the events of 24 February and the entire situation preceding this event at that forum.

[Acanda] Cuba's deposition before the General Assembly and the International Civil Aviation Organization are going to take place almost at the same time.

[Flores] Yes, the ICAO council was also scheduled for tomorrow in Montreal. The delegation headed by Comrade Ricardo Alarcon will also give a deposition before the ICAO council.

[Acanda] Is this by design or change?

[Flores] Well, Cuba also asked the ICAO to meet. As you might remember, Robaina asked the ICAO to investigate the incident of 24 February and all prior events, all the violations of our airspace. They just happened to coincide.

Cuba has not presented any resolution to the General Assembly. That is not our goal. We simply seek to be heard by this body. However, the United States is sponsoring a resolution which prejudices the results of that meeting, because it makes value judgments before the meeting and investigation even take place. They are already prejudging the results.

[Acanda] Could you specify how?

[Flores] Well, that's because the resolution seeks a condemnation of Cuba, just like the United States sought before the Security Council. As you might remember, initially, the United States initiated a very strong, very negative, highly condemning resolution against Cuba which was modified by the member states that disagreed with its letter. Likewise, the precedent for the ICAO meeting tomorrow is a resolution bill condemning Cuba. This bill is already circulating in the capitals of the countries which form the ICAO council. It is clearly biased and seeks a preconceived condemnation of Cuba. I must also add that this meeting is held at the request of Cuba and the United States, and that as the charter of the Security Council establishes, the governments involved must cooperate. Therefore, the United States also has to be investigated, the United States also has to explain why these pirate planes, which have been attacking our country and conducting all these violations of our airspace, depart from its territory.

[Acanda] Thank you very much for this information. Anything else?

[Flores] No. We only want to thank you for giving us this opportunity to provide this information.

Cuba: Helms-Burton Bill Called 'Nonsense'

PA0603031696 Havana PRENSA LATINA in Spanish
2329 GMT 5 Mar 96

[By Miguel F. Roa]

[FBIS Translated Text] Havana, 5 Mar (PL) — The U.S. Senate today approved a bill aimed at further hardening the blockade imposed on Cuba by the United States over 30 years ago.

The law might also be passed on Wednesday by the House of Representatives, and it would then be ready to be sent to President William Clinton for his signature and implementation.

Up to 10 days ago Clinton opposed certain portions of the bill, because he thought they would negate the executive's prerogatives in the area of foreign policy.

However, the downing of two lightplanes from Florida over Cuban waters on 24 February served as a pretext for the President, who is seeking reelection in November, to join the ultra-rightwing conspiracy by Cuba's enemies.

The visible leaders of that conspiracy are Senator Jesse Helms and Representative Dan Burton, both Republicans, but behind them are a broad range of congressmen and radical sectors, united for the common purpose of choking an entire people who refuse to return to the past.

This is how the infamous "Document for Cuba's Democratic Solidarity and Freedom" emerged from the congressmen's feverish minds and the dirty pockets of the so-called "Cuban Miami Mafia."

The plan, better known as the "Helms-Burton Law," in essence seeks to toughen and broaden the blockade, which for over 30 years the United States has maintained against Cuba for the crime of breaking Washington's hold on the country and for going forward with gigantic strides.

The hatred of Cuba's enemies is such that for them it is not enough to have the Torricelli Law, which from 1992 tightened the blockade's screws by preventing — among other measures — U.S. companies outside of U.S. territory from trading with Havana.

With the Helms-Burton duo's proposal, the extraterritoriality of the anti-Cuban siege has been intensified with regard to U.S. firms, and it goes even further, in a frenzy that borders on delirium, proposing sanctions against countries, institutions, companies, and individuals who dare to invest or engage in any other type of negotiations with Cuba.

The document also calls for the U.S. President to take the law to the United Nations to universalize the blockade against the island.

Helms-Burton and their partners disregard the fact that on 2 October 1995, for the fourth consecutive year, the UN General Assembly by an ample majority and with only three nay votes, condemned all U.S. measures aimed at making Cuba surrender. Could there be greater nonsense?

The previous example is enough to prove the law's senselessness, but an entire section of the bill fully reflects the true interests that move the intemperate pair and their accomplices.

The section in question is Chapter Three, which grants to Cubans whose properties were nationalized by the revolution the right to claim their old properties in U.S. courts.

Therefore, the landowners, corrupt leaders, and heads of the Fulgencio Batista dictatorship's repressive bodies who sought refuge in the United States and were later baptized with U.S. citizenry, can attain the heaven of recovery and compensation at the hands of Helms and Burton, their not-at-all disinterested godfathers.

Among the sanctions expected are claims and reprisals against those who invest in those properties and the banning of businessmen who are in that situation from entering the United States.

This is the reason for the wave of universal repudiation the Helms-Burton law has generated, because of the implications of U.S. meddling in third countries' ties with Cuba, which has been rejected on various occasions by Mexico and Canada — which together with the United States signed the Free Trade Agreement — the EU, and Russia, among others.

The legislation, which already in itself contained elements that tied the White House leader's hands, turns into law all the executive arrangements related to the blockade on Cuba, thereby reducing to zero the President's powers to use his discretion to annul them.

Thus, the congressmen have claimed the right to decide when these laws can be lifted: When there is a regime identical to the U.S. Government in Cuba, and the revolution and its achievements disappear. In other words, never.

Clinton, in the image and likeness of Henry IV, who said that Paris was well worth a mass, obviously believes that the White House is well worth concessions to his political enemies of the extreme right, and an attempt to deny the Cuban people of the right to freely choose their future.

Cuba: U.S. Fell Into 'Mousetrap' Over Downing of Planes

PA0603051896 Havana PRENSA LATINA in Spanish
0012 GMT 6 Mar 96

[FBIS Translated Text] Havana, 5 Mar (PL) — The state-owned media has said here that the United States fell into a mousetrap when it pressured the UN Security Council to have the International Civil Aviation Organ-

ization (ICAO) investigate Cuba for the 24 February incident.

This is what Cuban Parliament President Ricardo Alarcon said when he referred to Washington's request for the ICAO to launch an investigation, taking into account Article 3 bis of the Chicago Convention, against Cuba for the downing of two pirate lightplanes that violated the island's airspace more than two weeks ago.

While making statements shortly before leaving for Montreal, Canada, as the head of a Cuban delegation that will attend the ICAO meeting that starts tomorrow, Alarcon pointed out that "the United States has fallen into a mousetrap, insofar as," he added, "this international organization can act in an impartial and objective fashion."

He criticized the fact that the White House is trying to make people believe that what happened a few days ago was an isolated, unexplainable, and unexpected incident involving civilian planes, an incident that is not part of a very tangible set of dozens of violations in the last few years. However, "it is not an isolated incident, nor were there civilian planes involved," he stressed.

He also pointed out that, even though his country knows that the powerful countries unfortunately exert pressure and that they have the strength to do so, he hopes that the aforementioned meeting will contribute to an assessment that is "objective, rigorous, serious, and impartial and that narrow-minded U.S. interests will not predetermine."

Even though it was summoned by the United States, which was the UN Security Council president in February and which did not await the arrival of Foreign Relations Minister Roberto Robaina to listen to Cuba's version, this body limited itself to voicing its sorrow over the loss of human life in the air incident and asked the ICAO to start an investigation.

Madeleine Albright, Washington's representative at the United Nations, manipulated the events as she said that Havana downed two civilian and unarmed planes in international waters, adding that this is why it has ignored Article 3 bis, which is not in effect, because only 82 of the 102 members of the ICAO have approved it.

Alarcon explained that, even if this clause were taken into account, it stipulates that one should not use weapons against civilian planes, but that the implementation of this norm somewhat limits or adversely affects the states' rights and duties to protect their sovereignty, according to the UN Charter.

In addition, the clause refers to the obligation for this type of plane to obey the order that a state they are overflying gives them, as well as to the duties of the states from which these planes come to make them obey the orders issued by the authorities over whose airspace they are flying.

The aforementioned clause also alludes to the regulations and norms these states have to adopt to guarantee that there are no civilian planes in their territories that fail to comply with international laws.

"I have the impression that the U.S. ambassador was in such a hurry to summon the Security Council meeting, she did not read these paragraphs," the Cuban parliamentary leader affirmed, adding that the Chicago Convention defines civilian planes as those devoted to the transportation of passengers, cargo, and mail.

"Brothers to the Rescue (an anti-Cuban group headquartered in Miami and the owner of the two lightplanes that were downed on 24 February) is not devoted to doing this. It has nothing to do with these activities, and Americans themselves know that it is devoted to pursuing other objectives," he maintained.

They are, therefore, planes of paramilitary, terrorist, subversive, or any other type; they are not civilian planes, Alarcon remarked.

He also said that Cuba is going to Montreal to lodge at the UN special agency a charge against the United States for its ensuing aggressions and violations of Cuba's airspace by aircrafts coming from U.S. territory, including those on 24 February.

We suppose, he stressed, that in light of an accusation such as the one we will file, the first step the agency must take, taking into account U.S. charges, is to investigate, to find out what happened, to conduct an investigation that will not limit itself to a partial aspect, to a section of the issue.

The 24 February incident must be seen "from an overall standpoint, from its context; we must see the circumstances that triggered it, the violations that made a thing like this possible, and the sequence of previous incidents that have taken place," the parliamentary leader explained.

Cuba: Ministry Official on Approval of Helms-Burton Bill

PA0603013496 Havana PRENSA LATINA in Spanish 0033 GMT 6 Mar 96

[FBIS Translated Text] Havana, 5 Mar (PL) — Cuba said today the U.S. Government let itself be blackmailed by recalcitrant groups in Miami and other groups

determined to approve the Helms-Burton bill, which strengthens the economic and commercial blockade against the island.

Carlos Fernandez de Cossio, director for Latin America at the Foreign Ministry, said in this capital that the law, approved today by the U.S. Senate, is not representative of the U.S. people.

In statements to PRENSA LATINA and foreign correspondents, he said the Helms-Burton Bill makes practically impossible the normalization of bilateral relations, given the number of conditions it imposes on President William Clinton, and it leaves decisions on the blockade in Congress' hands.

In reply to another question, he admitted this will damage the Cuban economy, but it will not destroy the revolutionary process or defeat the island's determination to continue along the chosen path.

Fernandez de Cossio added that Cuba will continue to strive to maintain its ties with the rest of the world, adding he trusts that most of the countries will continue to oppose the punitive measures against the Antillean nation.

He then recalled the electoral interests behind the decision to approve the law, stating that a powerful group, basically settled in Florida, has managed to manipulate the U.S. Administration and the electoral process, "which is afflicted by high levels of opportunism and corruption."

Last, he denied the approval of the controversial bill will affect migratory agreements already signed between Washington and Havana, because the White House was able to normalize this type of relations without eliminating the blockade, and Cuba has set no conditions.

Cuba: Air Force Officers Discuss Downing of Planes PA0603044796 Havana Cubavision Network in Spanish 0100 GMT 6 Mar 96

[Interview with Division General Ruben Martinez Puente, chief of the Cuban Antiaircraft Defense and Revolutionary Air Force, and Lieutenant Colonel Lorenzo Alberto Perez Perez, pilot who downed planes on 24 February, by reporters Froilan Arencibia and Rosa Maria Fernandez; place and date not given]

[FBIS Translated Text] [Fernandez] My first question is for you, General. Under what circumstances did the attack on the trespassing aircraft take place?

[Martinez Puente] The attack against the trespassing aircraft took place because of a mounting series of factors. We think the turning point came when they,

with their pirate lightplanes, raided Havana on 9 and 13 January 1996. On that day, they dropped thousands of leaflets criticizing the government. These leaflets were scattered throughout the city and its municipalities, and even reached places as far away as the municipalities in the south of the province. Our people felt deeply humiliated by this raid. With this raid, they also tried to humiliate the defense organizations, in particular the Antiaircraft Defense and Revolutionary Armed Force [DAAFAR] combatants.

[Fernandez] Were they somehow warned?

[Martinez Puente] They had been warned again and again. High-level notes were even sent to the U.S. Government, which we think could have prevented this. This situation continued to worsen and on the morning of 24 February they started to overfly waters near our territory. Sometimes they created so complex a situation that we were forced to use our patrolling aircraft to deter these counterrevolutionary lightplanes from going deeper into our airspace. By afternoon the situation worsened, becoming intolerable, and we had to act. We decided to act that afternoon, because we could not let these lightplanes fly any deeper into Cuban airspace. After we at the ground command realized, and the pilots in the air confirmed, that the lightplanes had been intercepted and identified; after warning signals had been given and warning passes in front of them had been made, and after they ignored these warnings; and when the lightplanes were close to Havana, between five and eight miles away from Havana, the ground command decided to shoot them down. I can say this action took place, because we were not willing to let the 9 and 13 January events repeat themselves. The U.S. authorities had been warned in a public statement by the revolutionary government that it was not willing to permit such actions.

[Fernandez] [Words indistinct]

[Martinez Puente] I can truly say that this was not planned; we reacted to the circumstances at the time. I want to add that the dropping of leaflets in January was significant, and that that occurrence is what led our authorities, the country's authorities, to decide to instruct DAAFAR, and in particular the Air Force, that such raids could no longer be permitted and had to be stopped.

[Arencibia] However, General, the procedure was not the same when other lightplanes flew over the Cuban capital on 13 January 1996. At that time, none of them was downed. I would like to know what was the reason for this decision.

[Martinez] I believe that at that time, we acted with a great deal of equanimity and cold-bloodedness. We did not want to be the instigators of a conflict; creating a conflict was not our intention. This is why when they flew on that occasion, we strongly reported this to the higher courts; we made the world see that they were the violators. They had violated our territorial integrity and had flown over Havana. We have to say that our fighter-bombers intercepted them, and during the entire time they were over Havana, even when they left the territorial waters, we accompanied them. In order not to waste time at that moment, the pilots asked to be allowed to proceed against these lightplanes. The weapons were working perfectly, and the heads of our rockets were tracking the violating targets. They were not downed, because the decision not to down them was made. We had faith that this situation would be resolved.

[Fernandez] General, let us go back to the 24 February incident. In tangible terms, how did the events of this day take place?

[Martinez] I invite you to look at a map we brought along with us so you can see in detail everything that happened. On 24 February 1996, events unfolded as follows: In the morning, a somewhat difficult situation was created by the flights of certain lightplanes from Brothers to the Rescue at the northern coast of our country. These flights had been announced by the Miami Flight Control Center in quantities [words indistinct] they were going to fly over international waters all morning long and part of the afternoon; however, they acted in an undisciplined fashion violating all elemental guidelines. They flew, approaching the line that demarcates our territorial waters and violated our airspace in various regions. This time we were forced to dissuasively fly a couple of fighter-bombers close to them; they flew north when they arrived in the area, having realized they were in it.

We have to say that these planes, as they repeatedly have done, entered the flight identification zone [zona de identificacion de vuelos] without connecting the codes. This is why they were called and a message was sent to the Miami Flight Control Center asking it to inform us if there were certain lightplanes, certain air objectives in our flight zone in order to identify them. The response they gave us was that the planes were not under their control and that they were unaware of these flights. This situation, which started in the morning, was quite serious; it was a very complicated situation. We later received information from the Miami Flight Control Center that, starting at noon, a number of flights by planes belonging to Brothers to the Rescue would be in the area located north of Mariel, from 2330 to 2400 [not further identified] north, to the north of Corralillo.

At 1439 our radio location systems detected the Brothers to the Rescue aircraft and, before entering the danger zone — activated for the holding of exercises by our Air Force, which was announced on 19 February with effective dates falling between 21 and 28 February 1996, from 0800 to 1830 — one of them replied that they knew, after being alerted, the zone was activated but that they would fly in, nevertheless.

They entered the flight identification region and our radars constantly tracked them. At 1508, they began to violate the limits of our territorial sea. By this time a pair of our Air Force guards had taken off and were airborne. They carried out the mission to intercept those aircraft. The sighting was carried out by the aircraft pilots and, once sighted, they were ordered to carry out the reconnaissance and identification, and take preventive measures against the same, to dissuade them from continuing toward our capital.

They disregarded our warnings, and at 1518 the airborne pilots were ordered, after determining that it was a flagrant violation of our territorial waters, and given the dangerous situation — due to their close proximity to our coasts — to carry out the interruption of these airplanes' flight. The pilots professionally carried out their mission, interrupting the mission of two small aircraft which violated our airspace and which were inside the limits of our territorial waters.

[Arencibia] Lorenzo, you were the one who carried out the mission. Let us review the facts. Under what conditions was the mission carried out?

[Perez] Well, Froilan, we were on combat duty. We had entered on duty that day, and our comrades had already taken off in the morning hours, going after targets that had violated our airspace.

We received information, via telephone, that some targets [objetivos] continued to violate the airspace and, approximately 20 minutes after receiving this report, we were ordered to assume position number one because these targets continued to approach our jurisdictional waters. This is how we assumed position one on our aircraft.

[Arencibia] I would like to clarify something. At the time you were to take off, had you been assigned the mission to down the aircraft?

[Perez] No, sir. We were at our planes and we were ordered, via telephone, to take off and head north of Havana to patrol the waters. We knew beforehand that our people were celebrating Carnival, and also it was a Saturday, a day of rest for our people. This is how we received this order.

[Fernandez] Lorenzo, I want to know the following: How did events unfold in the area you were ordered to patrol? Tell us what happened.

[Perez] We were patrolling the area north of Havana and we received a report that a target was violating our jurisdictional waters. We set out to intercept this target and we observed it visually. We reported to the command post what we had observed, and it gave us the mission to seek out and identify it, and issue a preventive warning, including a warning shot. We fulfilled the orders received from the command post, and reported back that this target had ignored our warning. Immediately, we were ordered to interrupt the flight of that target. We interrupted the flight of that target, and as we made an abrupt move northward to continue to patrol our waters, we observed that another small aircraft was violating our jurisdictional waters. We again informed the command post that we had sighted another target, and we were ordered to seek out and identify it, and issue a preventive warning, including a warning shot. After fulfilling this order, we again informed the command post that it was ignoring our warning and immediately, the command post ordered us to interrupt that flight. And this is how we fulfilled our mission that day.

[Fernandez] Lorenzo, you are a young man. However, I imagine you have had the opportunity to participate in other missions. Could you explain your other missions and also specify how you began your career with the Armed Forces?

[Perez] Well, I first entered the Armed Forces by joining the Camilo Cienfuegos School. From there, I was given a chance.... [pauses] in other words, I passed a medical checkup to take a pilot course in the former USSR. I passed the three-year pilot training course in the former USSR. Then, I worked at the Holging Base, where I had the honor of being selected to fulfill my first internationalist mission.

[Fernandez] Where?

[Perez] In the Republic of Angola.

[Fernandez] In what engagement did you participate?

[Perez] I have carried out three internationalist missions, the most important of which took place in Cuito Cuanavale where I flew 40 sorties.

[Arencibia] General, U.S. authorities insist on the civil nature of these aircraft. However, an overview of history of relations between Cuba and the United States indicates the use of similar planes has had fatal consequences for Cuba. Did this affect our country's decision?

[Martinez] That is correct, Froylan. It is necessary to say that since the victory of the revolution, disguised in actions of civilian aircraft, they have acted against our country and against our people on countless occasions. It is necessary to state that the aircraft is categorized according to the use it is assigned. And these small aircraft [words indistinct] with civilian U.S. registration numbers have been acting and fulfilling military missions.

It must be said that they have unleashed a war against our Air Force, against our country, in spite of the fact they are disguised with a civilian cover. Throughout these years, this war has included tactics which range from spraying explosives on our sugarcane plantations to attacking cities with explosives, like the attack against the city of Havana which resulted in a large number of casualties.

The distribution of counterrevolutionary (?pamphlets) in various places of the country, the spraying of biological mediums on our plantations, the dissemination of (?anti-government) sheets in our cities, and many more missions of this type. Lately, the so-called Brothers to the Rescue group has acted more aggressively. They have been slowly increasing their actions against our country; tens of them have violated our territorial waters and our airspace. They have violated flight plans received in Miami hundreds of times; they have rudely violated the laws regulating international agreements not only of Cuba, but also of the United States. All of this has helped in making an appraisal of the conflict, all of these events led us to make a decision of this type.

[Fernandez] General, civil flights have regular and announced itineraries. Did they comply with the itinerary they had planned?

[Martinez] They definitely did not comply with the flights the way they had planned them.

[Fernandez] Basically, what danger could a flight outside its route flying in forbidden zones elicit for aviation and international traffic?

[Martinez] They really planned their flights at the Miami Flight Control Center, and the violations were on a constant basis. They were shown in various manners; they repeatedly violated the flight altitudes. They planned their flight at, let us say, a minimum altitude of 200 to 6,000 feet, and they constantly flew at a lower altitude. The altitude was not only attempted against air traffic, but also against the vessels that were sailing in this region. They violated the route of the flight; they had planned to go to other regions and ended up in northern Cuba. Later, the Miami Flight Control Center and the Cuban Air Traffic Control Center could

not control these [words indistinct] they constantly violated the identification systems regarding the codes that must identify the flights of this lightplane. They did not connect it; they constantly connected it and disconnected it, or they simply replaced the codes with others in order to confuse us. This is a violation of international air traffic control guidelines.

In addition, as they did all this in the air. It harmed air navigation, because we cannot have an exact and strict control on the whereabouts of these planes. It is very difficult to keep their position, and, as a consequence, this could bring collisions with duly authorized and controlled planes — it has always brought collisions as a consequence. They could also collide with one another and trigger the deaths of those who, without having anything to do with these violations, pay for these events with their lives.

One of the characteristics of all the flights of the Brothers to the Rescue organization is that they are really uncontrollable. When they are flying, a lack of discipline and chaos prevails, and we have to say that in order to maintain air traffic, it must be executed in a disciplined fashion. It is the only way to maintain the security of flights.

[Arencibia] Let us return to the pilot, starting with a few recordings the United States presented at the United Nations. The international media has speculated a great deal on one of the phrases you uttered during the flight in question. This phrase was We broke their... I think you understand what I am trying to say. Is this what you said?

[Perez] Yes, it was. We really said this. We had been tolerating the violations of our airspace for more than 20 months, and we at the Combative Guard made maneuvers [despejes] to dissuade the transgressors who violate our airspace. They always ignored our warnings. We were under a great deal of tension and irritation, because all these violations were being made almost on a daily basis.

At the time, I was assigned the mission of cutting short this flight, a mission that could have been assigned to any other comrade. And this is why this (?expletive) was used against them at this time.

It can be said — but this should not be interpreted as a disregard for human lives — that on several occasions we have risked our lives on missions. As a revolutionary, patriot, man of conviction, and as a man who defends his people, I regret deeply the loss of human lives due to someone else's irresponsible actions.

[Arencibia] Immediately after the events on Sunday, a Cuban Foreign Ministry note said that U.S. authorities

had requested permission from Cuba to carry an investigation and search for probable survivors in Cuban waters. Was this search conducted?

[Martinez Puente] On Friday, they requested permission to enter our jurisdictional waters to conduct search operations. They received proper authorization and they conducted the search.

[Arencibia] Were any survivors found?

[Martinez Puente] For some days, they searched both in and outside, but much longer outside than inside our territorial waters. As far we know, they found no survivors.

[Arencibia] What did the Cuban side do?

[Martinez Puente] We have to say that, immediately after the first lightplane was downed, search and rescue helicopters took off and headed for the area to try to find survivors. At the same time, border patrol boats were ordered out. These boats searched the area throughout the afternoon, but the search proved fruitless. We did not give up. Early the next day, 25 February, border patrol boats and helicopters departed to conduct a search throughout the day again, but without any results.

[Fernandez] Cuban television has released a video showing the pilots' personal belongings that were found. Where were they found?

[Martinez Puente] [Words indistinct] pilots' belongings showed up. These objects were found in Cuban territorial waters, a fact that again confirms the planes were downed while flying above our jurisdictional waters. These objects showed up one day after the incident, 9.3 miles from the coast. Everyone knows the Gulf Stream moves toward the north in this area, this is to say, out-bound, and should have carried these objects away, but they were still within our jurisdictional waters one day after the incident. This confirms what we have said.

[Fernandez] Anything new you wish to add?

[Martinez Puente] Yes, I want to add that truly our people are the ones who have been violated during all these years. It has been us. Also, we do not feel the least bit responsible for the causes that brought about this incident. I would like to ask the United States what it would have done, if all those aggressions had been conducted against U.S. territory, the U.S. capital, if all of these repeated violations had taken place in the U.S. jurisdictional waters. We have recently read some notes. One of them, aired by a U.S. media, caught my eye. The television aired news items indicating that several high officials of the administration wondered why the U.S. Department of Transportation and the Federal Aviation Agency failed to take timely measures to prevent such

an incident. We believe this incident could have been prevented, if our repeated calls of warning had not been ignored. Truly speaking, we could not have prevented the incident. They were the only ones who could have prevented it, if only they had taken the measures we think they are taking at present.

Cuba: Helms-Burton Bill To Harm U.S. 'More' Than Cuba

PA0603025396 Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 6 Mar 96

[From the "NTV" newscast]

[FBIS Translated Text] The U.S. Senate on 5 March approved, with 74 votes in favor and 22 against, the unified version of the controversial Helms-Burton Bill, which aims to toughen the blockade against Cuba. A final vote on the Helms-Burton Bill will take place on 6 March in the House of Representatives, which is expected to approve it, too. As for the international and domestic repercussions of what this bill represents to the United States, this newscast obtained exclusive statements from Cuban Parliament President Ricardo Alarcon shortly before he left for Montreal, Canada.

[Begin recording] [Unidentified reporter] In your opinion, will this bill bring more benefits than damage to the U.S. Government, or is it the other way around?

[Alarcon] Look, I believe that it will undoubtedly cause much more damage, because we have already seen that the government has strongly reacted to the prospect of making the Helms-Burton Bill a law. It will increase the number of contradictions with other countries.

I believe that [words indistinct] this policy does not stop having a certain influence on a company, a weak country, or others. Experience has proven that it cannot impose itself completely and that what has happened in the last few years — the cracks in the blockade [words indistinct] the other countries [words indistinct] opens our economy to foreigners. Even though our former markets, our allies disappeared, we have been able to diversify markets and have more trade partners.

In the case of the Helms-Burton Bill, there is more to it, because it has been filled with worms [agusanada], because the mean interests of the former exploiters — the large state owners, the big coffee owners [cafetienientes], all those we Cubans are well aware of — are included in it.

Imagine what it means to give an opportunity to all these individuals to file lawsuits in American courts against any state, entity, or person who is using their former properties. This means that he can file a lawsuit against

a foreign company that is investing in Cuba; it means that he can sue the Cuban Government, because many of these properties belong to the Cuban state. He can file a suit against any person; of course, this is ridiculous. The U.S. courts cannot do anything to you or me.

However, the poor U.S. Senate is going to have to pay for the stamps, papers, judges, prosecutors, and all the paraphernalia a trial involves. We can estimate, I do not know, tens of thousands — some people even talk about hundreds of thousands — in legal proceedings.

Some people think that the U.S. judicial branch would not be able to keep up with all of this.

It is really regrettable that, for petty political and demagogic reasons [words indistinct] they are going to sign it. [end recording]

Cuba: Robaina Returns to New York, Prepares To Address UN

PA0603044596 Havana PRENSA LATINA in Spanish
0311 GMT 6 Mar 96

[FBIS Translated Text] United Nations, 5 Mar (PL) — Cuban Foreign Minister Roberto Robaina returned to New York today to participate in the resumption of the UN General Assembly's 50th period of sessions tomorrow, upon the request of his country.

Robaina will take the floor tomorrow at the international community's highest forum to submit a document on the history of Cuban airspace, land areas, and territorial water violations by boats and aircraft coming from the United States.

As he previously announced, during his first arrival here on 27 February, the Cuban foreign minister will emphasize the illegal actions carried out within the last 20 months, including the 24 February events, when two pirate aircraft involved in those actions had to be shot down following multiple warnings and preventive measures.

The foreign minister carried out intensive efforts last week, seeking support for the Cuban request for the assembly's resumption and to reopen topic 140 of the agenda, entitled "International Law's Decade."

The report will concentrate on violations of the respect for basic international law norms and the principle on the states' sovereignty.

Cuba achieved its goal by following all the procedures and — with the overwhelming support of the Non-aligned Movement, the consensus of Latin American and Caribbean countries, and the understanding of other regional groups — sessions will be resumed tomorrow to hear Minister Robaina.

In an event held last week with members of the Cuban-American community, he was asked about the Helms-Burton Bill. Robaina said it will not modify the situation between Cuba and the United States, because it has never stopped being complex and tense.

He added that the law makes the situation more difficult and complex, but it is necessary to tell the world it is aimed against the world rather than Cuba.

"We will see to what extent the world is willing to withstand it," he warned.

Cuba: Official Calls Passing of U.S. Bill 'Outrage'

PA0603045796 Havana PRENSA LATINA in Spanish
0322 GMT 6 Mar 96

[FBIS Translated Text] United Nations, 5 Mar (PL) — The U.S. Senate's approval today of the Helms-Burton Bill is a total and absolute outrage not only with regard to relations between Cuba and the United States, but also from the juridical, moral, ethical, and economic viewpoint, Abelardo Moreno, director of the Multilateral Affairs Office of the Cuban Foreign Ministry, told PRENSA LATINA. He added this legislation represents a very ominous precedent for the future development of international relations.

Cuba really believes, he underscored, that even the main allies of the United States are going to reject this new attempt to impose U.S. legislation as a universal law, given the marked extraterritorial nature of the Helms-Burton Bill.

Moreno is accompanying Cuban Foreign Minister Roberto Robaina during his stay at the United Nations, where he will denounce tomorrow, before the UN General Assembly, the history of violations of Cuban airspace and territorial waters by ships and aircraft from the United States.

Robaina's presentation before representatives from the 185 UN member countries will occur at the United Nations' maximum body and will include the presentation of documentary evidence on the 24 February events, when two pirate aircraft that illegally entered Cuban airspace were downed.

The United States used this incident to convene an urgent UN Security Council session, taking advantage of its position as UN Security Council president, and to pressure and manipulate the events in order to adopt a declaration accusing Cuba.

In addition, Washington maneuvered to pass the document before the arrival of Robaina, who had announced his interest in participating at the meeting to explain the Cuban position.

In view of the fact that this decision was made in the absence of the foreign minister, Cuba chose to request the resumption of the 50th session of the UN General Assembly to present its case within the framework of the 140th topic on the agenda, entitled: the "10-Year Period of International Law." Cuba's initiative to present its case received support from most members of the international community and will take place tomorrow.

Cuba: Alarcon on Anniversary of Constitution

PA0503154596 Havana Cubavision Network
in Spanish 0150 GMT 26 Feb 96

[Speech by Ricardo Alarcon Quezada, president of the National Assembly of the People's Government, to mark the 20th anniversary of the promulgation of the Socialist Constitution at the Assembly building, in Havana — recorded]

[FBIS Translated Text] Companeros: In his first report to the First Congress of the party, referring to the new Constitution, Companero Fidel said it would guarantee an uninterrupted and always ascending march toward progress in the future. He said this march is a moral and historic duty of this generation of revolutionaries.

By approving this Constitution, which today celebrates its 20th anniversary, Cuba was consolidating the results of the profound revolutionary transformations of the previous years, gave them a legal expression and legal order, and created a new institutional system capable of guiding the country into the future, of guiding its socialist development.

That was also a culmination of a process of true democracy in which all the people participated, discussed, and approved the text, which was submitted to a referendum on 15 February [no year given].

The previous year, in almost 170,000 meetings in which more than 6 million people participated, our people openly discussed the draft of the Constitution. The openness, the liberty that characterized those meetings was mirrored in the fact that more than 15,000 modifications and additional proposals were presented, and there were more than 1,000 other proposals that were backed by more than 800,000 people with their votes.

With the opinions expressed by the people as a basis, modifications were introduced to the preamble and to 60 of the 141 articles of the Constitution's draft.

The draft was then presented to a plebiscite, to the free, equal, universal, and secret vote of all citizens over 16, and 98 percent of the voters participated in this. Of this, 97.7 percent voted in favor. Almost one percent voted against, and 0.8 voted blank. [All figures as heard]

In no other country of this hemisphere has there been such a high level of participation in elections and there has never been such a high level of unity. The other countries of this hemisphere have never had such democratic participation, such frank and free and open discussions, as was the process of preparing the Constitution draft that was later submitted to a plebiscite.

Some of those countries, better yet, some of the politicians and big newspaper enterprises in those countries, sometimes issue expressions of doubt and skepticism regarding this high degree of Cuban participation in elections.

Actually, they are being grossly tricky. What happens is that in their countries, the people do not associate elections, or voting, with informed expressions by the people. In those countries, for understandable reasons, the people are sick of demagoguery, of the falsehood and corruption that surrounds such activities. They are sick of hypocritical promises, of cynical lies, of the crude fiction that lives in the core of the so-called representative democracy.

It is logical to suppose then that not many of the workers in those countries feel motivated to vote for someone who once again will promise them he will end unemployment or will guarantee a social security system that will not forsake anyone. It should not be expected either that the peasants, victims of the large landowners, are eager to vote for someone again offering agrarian reform. It should not be expected that young people, the elderly, or women will be tantalized by promises of changes and progress that are ceaselessly repeated in every election period, to breed and multiply the frustration of the people and the disrepute of the politicians.

The only thing capitalism can do to uphold its decadent system, to give oxygen to its representative democracy, is to inject money into it, to turn politics into merchandise, and to turn elections into another spectacle of the consumer society. Candidates spend millions of dollars, an ever-growing amount of dollars, in publicity campaigns, in selling the candidate's image, and in buying the voters' votes. What is the result of all this? Abstentions are increasing and the discredit of bourgeois parties grows everywhere. They forget that consumption is window dressing: Everybody can see what is in the window, but few can acquire it.

This is the abominable combination of unlimited waste by the rich and the growing misery of the poor. Should the dispossessed masses be interested in a party to which they have not been invited? Will they join the farce of corruption and lies?

Here, when we Cubans voted for our socialist Constitution, we were not expressing aspirations or responding to promises. We gave constitutional recognition to existing, real, and tangible rights we have been able to win.

The right to work, to rest, and to paid vacations; the right to the land, to health, to education, to culture, to sports; the right to the social protection of children, of the sick and of the elderly; the equality rights of blacks and women. How many times before had these rights been promised by charlatans and demagogues? How many times before had these rights been stifled?

The revolutionary transformations carried out since 1959 satisfied profound aspirations of the people, aspirations on which many generations of Cubans had spent much blood, struggles, and sacrifices without securing them. We also definitely secured a free, sovereign, and independent fatherland. Behind us forever was the vile factory where the Yankee consul was the one who truly legislated. Behind us was misery, large land ownership, illiteracy, racial discrimination, the exploitation of man, corruption and shame.

In a little over 15 years, and in spite of permanent Yankee aggressions, Cuba was already the fatherland of brotherhood and justice Marti wanted to build. To secure this, the emancipated people played the role it had to play. The people had not only benefited from revolutionary work: The people had performed the work, it was their work. True democracy had arisen in Cuba, the type of society where free people build their own future, where the people, free of inequalities and exploitation imposed by swindlers of wealth, begin to be aware champions of history and cease being mere objects.

Ever since the general strike of January [1959], which fostered the triumph of the Rebel Army and defeated coupist plots, the people assumed a lead role. The people would not be just the beneficiaries of revolutionary changes, the people would also implement them, would turn ideas into realities that they would have to cultivate and defend from the very beginning.

From passive observer, the people had become irreplaceable heroes. The people would not just observe the revolutionary process, because this is their revolution. The people would march with the revolution and make it move forward and would mold it with the literacy and child vaccination campaigns, with the defense of the revolution, with the Committees for the Defense of the Revolution [CDR], with the struggle against the bandits, with Giron, with the military mobilizations, with the preparations for all-people's wars, with the people's harvests and mobilizations to farms, with vol-

untary work and with workers and CDR watch duties, with the internationalist military and civilian missions, with the microbrigades and the movement of innovators and rational workers [racionalizadores], with the amateur artists, with mass participation in sports, with science and technology forums, and with the interests circles of our pioneers. The people have actively participated. They have participated with enthusiasm, with firmness, sure that they are doing what they have to do, that they are the creators of their world, millions of people, black and white, men and women, labor and intellectuals, together, the masses, all the people, have waged countless struggles to build an incomparably more just, more noble and more free society and, in addition, ours, absolutely ours, of all of us.

On this solid basis, the revolution began the institutionalization process that would be documented in the Constitution of February 1976 and in the establishment of the people's assemblies. From the very beginning, the essence of this Constitution was the people's lead. It was the people who decided who would be the candidates and who was going to be elected; it was the people who demanded reports from their elected officials and who revoke their mandate if this is necessary.

During the past 20 years, tens of thousands of common men and women who cannot be separated from the people, have tirelessly worked in the organizations of the people's assemblies without receiving a single penny, without privileges, without being different from the rest of the people because they were elected.

The case is very different in countries where some try to intervene in our affairs, telling our people what norms of behavior they should have, and to again impose on us some forms of domination.

We know that at this very moment when we commemorate this 20th anniversary of our Constitution, this 20th anniversary of the installations of the people's power in our fatherland, there is much pressure being exerted on us from abroad to try to impose on us what some are trying to turn into universal dogma: A political system that is hypocritically trying to take possession of the democracy concept, which they wrongly qualify with the word representative, when its true objective is to grab from the people the power the people have won and to banish from our fatherland a genuine and authentic democracy, a society where the people are the authority, where inequality, egotism, and the misappropriation of wealth — that is, capitalism — have disappeared, and where man can really exercise collective authority.

I was telling you that sometimes they express doubts and skepticism over the functioning of our political system, especially over the people's response to this system.

This is being expressed by persons who in reality are concerned with the way their people ignore who their so-called representatives are, persons who are facing an increasingly difficult situation because of the reservations that the masses — sick of lies, falsehood, and demagoguery — are manifesting toward their political system, the capitalist political system.

Here is the latest edition of a U.S. magazine that for several weeks has been analyzing these problems of U.S. society, analyzing why the people ignore elections, why the people do not want to participate in activities convoked by politicians, why the people are growing detached and do not believe in a system that pretends to appear as a model for all and demands respect from all, and wants to force everybody to imitate it.

This edition gives information that any intelligent person will find revealing. I will quote from it: In the congressional election of 1994, the candidates to seats spent \$693.5 million. The average amount spent by candidates to the House of Representatives was \$500,000 each. The average expenditure for Senate candidates was \$4.5 million.

You can imagine that in the United States very few common men and women, very few blacks, very few poor people, very few modest farmers, can even dream about running as candidate for a seat in the House of Representatives or in the Senate, and only a madman from any of these sectors would dare run for president, whose expenditures are a bit higher. There is an exception. There is a candidate who is a millionaire and is spending money from his own pocket. He claims he already has \$18 million in propaganda.

The persons who want to impose on us that model are not really trying to provide us with the benefits of a flourishing society, of institutions of proven efficacy, of a *modus operandi* that has brought joy and satisfaction to the people. It is the exact opposite. Our people's struggle has already lasted more than 125 years. Today's date reminds us of this. Today we commemorate the 101st anniversary of the beginning of our latest war for liberation. Our struggle has always consisted of a firm search to become the sole masters of our destiny. The Constitution we promulgated on 24 February was a historic summation and a continuation of a Cuban constitutionalist process and tradition, that just like our current Constitution, should be the object of analysis, study, and respect by all Cubans.

That version of the Constitution had its origin at a moment when our people were beginning their struggle against colonialism under most difficult conditions. I do not know — perhaps historians from our universities could inform us — of other nations discussing and

adopting their constitution prior to reaching political independence. In how many other places have constitutions been discussed and adopted and associated with the early and most difficult phases of the struggle for national emancipation?

The fact is that our fellow countrymen met in Guaimaro a few months after the start of the Independence War, when there was no organization unifying all the patriots, when the differences between the combatants were big, when we did not have a single flag, a single anthem, a single [words indistinct] unable to reach unanimous decisions, to exhibit a common will to make personal sacrifices to produce unity for a fighting effort.

Another Cuban feature was that at the constituent assembly, at the Guaimaro deliberations, where delegates had brought with them the mandates they had received at previous meetings with groups of fighters, the discussions in Guaimaro produced the people's participation.

All Cubans remember and pay homage to Ana Betancourt because she, in Guaimaro, for the first time in our fatherland's history, raised the women's demand for full equality. Ana Betancourt was not a delegate to the Constituent Assembly. She was not an official representative, she was part of the people who in that small plaza in Camaguey, followed the debate by the representatives to the Constituent Assembly and exercised her right to participate and to give her opinion. The search for agreement, a tenacious insistence on the unity of revolutionaries, and participation by the people in the exercise of real power, which today is still the basis of our political system, is the root of our constitutional history, the root of our patriotic movement.

This was seen again in Jimaguayu, at the beginning of the last phase of the Independence War. This had been seen earlier, in the heroic effort headed by Antonio Maceo and this was mirrored in the Baragua struggle and in the Baragua Constitution. This was seen again at the end of the last war in La Yaya.

The Cubans were always encouraged by the same principles: Unity among revolutionaries and links between revolutionaries and their people.

The 24 February Constitution was the legitimate heir of that glorious process. It was also the historic redressing of the shame, of the action committed against this nation with the constitutional appendix of 1915 and the mutilation of that Constitution stained by the Platt Amendment — that was to serve as tool and as framework for the pseudo-republics that followed — where privileges, discrimination, exploitation, and, especially, subordination to foreign control, prevailed.

It was our Constitution, the one we are commemorating today, the one that rescued and turned into reality the noble promises the people were able to partially include in the Constitution of 1940, but that cheap politics and submission to foreign power reduced to nothing.

In these days many actions are being promoted by our enemies to weaken the basic principles of our political system. They are doing much to weaken our unity, to sow confusion, to weaken us from within, along with the huge pressure of a strengthened blockade, the permanent attitude of aggression that has been characteristic of the United States since 1959.

If we read its propaganda and hear what they say, or listen to some of the thousands of radio hours with which they are trying to infest the country, we will see there is this permanent, tenacious, insistent effort to sell an idea in which their own people do not believe. They are doing this not to bring to Cuba ideals in which they neither believe nor represent, but to take from the Cubans their independence and the accomplishment of having created in this continent a truly democratic society, because here the people make the decisions and participate.

You have probably heard of what is called Track Two. It is two because there is a Track One of the same law, the Torricelli Law, approved more than three and a half years ago. Hypocritically speaking of alleged contacts with the Cuban people, this law explicitly says that Track Two seeks the same goals sought in Track One, that is, the destruction of the Revolution, the defeat of our political system, the return of Cuba to what Cuba once was but has ceased being forever: A U.S. colony.

It is interesting to see the true nature of this policy and how it functions. I will permit myself to give you some details: The North Americans say that their objective is to develop what they call a civil society, to promote independent actions by citizens, and this way lead our country to what they call democracy. These are words, the facade.

When U.S. organizations that are independent from their government establish, or try to establish, any kind of tie with Cuban institutions or persons, the U.S. system, a true example of a totalitarian society, finds ways to establish the most rigid control mechanisms to try to direct actions so that they comply with its objectives of destabilization against Cuba.

Here is a document from the U.S. Treasury Department from mid-January. It is signed by Richard Newcomb. He is the director of the Foreign Assets Control Office. Behind this title is the administration and implementation of economic blockades established by the United

States. For many years Mr. Newcomb had to pay attention to the Soviet Union and other European and Asian countries. He is almost out of a job. Now Cuba is his only job. However, now, in spite of what happened in Eastern Europe, in spite of their budget problems and problems balancing it, this office — reduced to working on a single country, how to blockade it, how to ensure no one trades or holds relations with it — in spite of all this, Mr. Newcomb's budget, which comes out of a very diminished and troubled general budget, has been increased. Now he has more funds and more employees than he had when he administered the blockade against the Soviet Union, the CEMA countries, etc.

This document was given by Mr. Newcomb to a group of North Americans who visited our country in January. Several businessmen came to know Cuba. They did not come here to do anything bad — to conspire against or to violate U.S. laws — they came to exercise their right to get to know a neighbor country. Less than one hour before taking a plane in Miami to come to Cuba they were still waiting for a permit Mr. Newcomb had to give them. They were in contact with his office and they were informed of additional requirements that had to be met in addition to those established in a written document.

Those requirements ranged from forbidding them to visit a tobacco factory, meddling into how they should organize their meetings in Cuba with Cuban officials, prohibiting a man from New England to travel — I do not know why — and in addition, requiring further information be supplied on how this trip, and the activities they intended to carry out, could contribute with U.S. policies aimed at destabilizing and promoting counter-revolution inside Cuba, which the written document explains.

But this is not the whole story. In the letter that Mr. Newcomb finally handed them or sent them, Mr. Newcomb warns the participants at the end — or the trip organizer first — that when he returns to the United States, first he is required to send a written report on what he did in Cuba. Once Mr. Newcomb receives his written report, an appointment is to be made to hold direct conversations. Additionally, the trip organizer was to inform all participants that one by one they would be interviewed by Mr. Newcomb in his Washington office.

As you can see, the U.S. practice is a shining example of freedom in action, freedom of initiative for people and for institutions. Even private U.S. organizations, entrepreneurs, and politicians, are subjected to a system that forces them to request permission to visit a neighboring country — forcing them to discuss with this inquisitor

what they are going to do or could do — in addition, to then report in writing and submit themselves to an interrogation by this reinforced apparatus that currently exists in Washington.

Therefore, it is no surprise that things such as this can happen to them: On 20 December, Secretary of State Mr. Warren Christopher received this letter — a letter signed by eight U.S. organizations, including several churches and various academic institutions. What does the letter say? The letter, which up to now has only merited a diplomatic acknowledgement of receipt nearly two months after the fact, voices the complaint that they have been pitched or the intention is to recruit them, to carry out U.S. policy regarding Cuba. I could continue. We have plenty of documentation on how this operates and how behind every action or link between our two countries the U.S. administration tries to insidiously use it for its counterrevolutionary strategy.

I have an even more recent letter that should not be surprising either. Because of discretion I am not going to reveal details on who sends it. We will let them be the ones to disclose it one day or we may do so in due course. The letter is addressed to the U.S. diplomatic offices here in Havana. A group of people who recently visited Cuba — supposedly they are members of a nongovernment organization, various entrepreneurs, academics, U.S. personalities, who came here — were similarly subjected to the requirements I already spoke about. There was the insistence by the U.S. representation here in Havana that they hold contacts, communication, for them to give support to counterrevolutionary elements that the U.S. Embassy [as heard] and the U.S. Government desperately seeks to convert into a force to oppose the revolutionary process.

This gentleman's complaint is quite explicit. He complains that without any regard to him, six individuals turned up in his hotel. He was then driven to the U.S. Interests Section by diplomatic officials and forced to talk with these people [counterrevolutionary elements], with the diplomatic official present.

It does not cease to be hilarious that the Yankee propaganda mentions supposedly independent groups. Independent from whom? Independent from our government, of course; independent from our people, of course; independent from our history, of course — they have nothing to do with any of this. But independent of those who finance them, who pay them, who transport them, and who in addition try to force them onto the very North Americans who visit us. [sentence as heard] In addition to the requirements to allow these visitors to travel, they must lend themselves to this injustice. But what does the United States supposedly intend to give

Cubans and the entire world, because they show themselves as a universal model; a flourishing civilian society, a civilian society rich in spiritual life, human solidarity, people's participation in collective life, in leading society? Is this not what President Clinton says? Very recently, in an interview, which was published at the end of January, speaking on the same topic, the same problem that chases them — how to get people to pay attention to representative democracy in the United States — Mr. Clinton, the president of the United States, said: The problem is that people feel they are treated like imbeciles and spectators and supposedly go to the polls to respond to the last televised announcement.

I have already told you about the millions spent on commercial publicity, promoting candidates, buying votes, etc. But the people's reaction is not to join, but to back away. What the hell does democracy have to do with a society of spectators? All the world's dictionaries, when attempting to define that word, which originates from the Greek, calls it the people's authority. All the world's dictionaries state that democracy is the system by which the people intervene in society's government.

Thus, a society in which the people are spectators and in addition, treated as imbeciles, has absolutely nothing to do with democracy. It is exactly the opposite, exactly the contrary, of the basic definition of that human ideal.

But they [the U.S.] have the possibility to prove, if they still have any concern remaining over democracy or if they have read a book, that the people under that system must intervene some way in its government.

I do not know how many months have passed in the U.S. Congress, which comprise slightly more than 500 people; the sum of the house and the senate is less than our national assembly — I do not know how many months they have spent discussing this year's budget. The fiscal year has already begun, some cutbacks have already been made to things they were agreed on. But they still have not been able to approve the budget. Countless hours, months, have been dedicated in discussions involving a little more than 100 people.

Why, if they believe in the people's government, why do curious U.S. diplomats who try so hard to meddle into our lives, why do they not suggest that their government summon U.S. workers, to encourage discussions at the workplace, where workers can give an opinion against or in favor — if they find any — on the measures that day by day deny them of all those benefits that for a long time part of the U.S. work force managed to conquer with much sacrifice?

Why do they not try and meet with the country's retirees and elderly to see how much support they

would find among them for the brutal cutbacks to their social programs? There, easily and democratically, half a million people can very well agree on this every day. Why not summon their intellectuals, artists, writers, to see what they think of the already approved reduction of more than 40 percent to the budget for the National Art Foundation, which has left jobless more than half the people working there.

This logically prevents art and culture from flourishing in the United States. But quite the contrary. Why those who speak so often about democracy do not try, even if it is only once, to practice it? Why do they not try, even as an experiment, a curiosity, to look once in their lifetime at what is a practice that of course would be impossible to carry out in that sick society, in a society that is based on the exploitation of man, where anything can be done except give political opportunities to its victims.

I have already told you about the problems they are facing on their side to develop this policy of subversion against our country. Even though these difficulties are important, the difficulties they will find on this side are greater, much harsher, and more invincible.

You noticed at the beginning of this act, that emotional document that covered the text of the creation of the revolutionary directorate 40 years ago, in this same hall. You heard the concepts, the ideas contained therein — concepts and ideas that we already find throughout our history — and we will always find them after that historic moment when in this great hall the great step was announced, inspired by Jose Antonio Echeverria, which gave us our glorious Federation of University Students.

The men who announced that day the make-up of the directorate, not only were capable of speaking out with bravery and sincerity their revolutionary aims, they were men who had been already struggling in this university. A struggle aimed at ensuring that this institution, and particularly its students, would rise to the occasion, at the vanguard of our people, which the Cuban university movement always complied with honor.

In addition, they waged an important battle for making this institution decent, to ensure university reforms, to ensure that this really is a hall of studies, while at the same time a house of revolutionaries. After announcing the creation of the directorate, those men, headed by Jose Antonio [Echeverria], (Fructuoso), and many other glorious comrades, knew how to turn their revolutionary convictions into real actions — their commitment to the people.

They not only did this in the heroic actions that shook Havana, actions in which the university campus was also the vital stage, but also later on when Jose Antonio and the first leaders who accompanied him in storming the palace and in the university struggle fell. The directorate would be able to again pick up its banner with the very distinguished comrades, who greatly honor us by attending this function, such as Comrade Faude, Comrade Julio, and many others. In Escambray too, they were able to go to the vanguard of the armed struggle, and, why not say it, also fight there as they did here against opportunists, against charlatans, against those who even in that long ago era attempted to profit from the heroic struggle of our people. The struggle of the directorate, the loftiest expression selflessness and sacrifice of the young people of the Cuban University, was also a testimony of the virtues and values that have inspired, inspire, and will forever inspire the patriotic people of Cuba. From Guaymaro, Cuba's constitutional ideal has also been ruled by the ideal of militant participation, the ideal of sacrifice, the ideal of duty to one's fatherland. All the citizens of the Republic regard themselves soldiers of the liberating army. In Guaymaro, they approved this in Article 25 by unanimity. Later on Jimaguayu, in Article 19 approved again by unanimity, our representatives affirmed: All Cubans are duty-bound to serve the revolution with their bodies and interests according to their abilities. Our constitution of today, our effort of today, our struggle of today for socialism and democracy or democracy and socialism, which are synonymous, must also be governed by that spirit that comes to us from Guaymaro, and that Jose Antonio Cheverria and the men of his generation were able to turn into specific facts and daily reality. If our enemies have difficulty using Cuba's institutions against it, they would find an even greater difficulty in getting our people to yield to subservience and foreign exploitation. The people of Jose Marti cannot be bought. The people of Antonio Maceo do not surrender. The people of Jose Antonio do not lose heart.

Today, as we commemorate this cluster of historical dates, all of them bound by the same patriotic commitment, same ideal to conquer and save a fatherland of brotherhood and justice, we must reaffirm not just that will but also our commitment to do all that is necessary to make our society better every day, to make our political institutions function in the most adequate manner all the time, in the manner in which they were conceived, in the manner in which they must function in a society, in a socialist revolution, for, as Comrade Raul Castro said 20 years ago, only the socialist revolution incorporates the large masses of workers and the exploited in a permanent and systematic manner into conscious

historical creation, into active participation in politics, as it incorporates them into the discussion and solution of social affairs.

By persevering on that path, insisting on our adhesion to those ideals that belong to the fatherland and the Cuban nationhood, and remaining faithful to a glorious history; a history that from the time of Marti and Maceo to Jose Antonio and his generation must always be a cause for homage, respect, and example for all of us, we, Cubans, will be able to tell the world that today, as yesterday, Cuba will remain a free and independent fatherland, a fatherland that nobody will ever be able to snatch away from us. Thank you. [applause]

Cuba: Venezuelan Official on Bolstering Economic Ties

PA0503154396 Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 29 Feb 96

[From the "NTV" newscast]

[FBIS Translated Text] Venezuelan authorities are taking new steps to bolster economic relations with Cuba, Venezuelan Vice Minister of Development Rafael Pena has said in Havana.

According to Pena, his visit to Cuba as head of a delegation of Venezuelan businessmen seeks to promote an alliance with a view to developing competitive advantages in the Caribbean Basin. Pena added that the goal is to promote the creation of productive associations to develop reciprocal commerce and to involve third countries.

Venezuela and Cuba have signed an accord within the framework of the Latin American Integration Association which establishes preferential tariffs and which was extended last year to further economic sectors such as investments, technology, and technical assistance.

The Venezuelan Trade Mission held a plenary session today and met with Cuban Foreign Trade Minister Ricardo Cabrisas and acting Foreign Minister Jorge Bolanos.

In statements for this newscast, Rafael Pena has dismissed that political factors might hamper the natural progress of the mutual economic rapprochement:

[Begin Pena recording] I believe growing trade among nations is the prevailing trend in the world of international commerce; this is an absolutely irrefutable reality. [end recording]

Cuba: Council Reports Goals for Communications in 1996

PA0503161296 Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 2 Mar 96

[From the "NTV" newscast]

[FBIS Translated Text] It was reported at a meeting of the Extended Management Council of the Communications Ministry that the country in 1995 managed to halt the deterioration of telephone facilities as well as radio and television broadcasts. It was announced during the meeting, headed by Communications Minister Brigadier General Silvano Colas Sanchez, that the reestablishment of services is due mainly to a thorough reorganization of the sector that included the establishment of the Cuban Telecommunications Enterprise and Cuba's Post Office Enterprise.

Among other goals for 1996, the Communications Ministry leased the national microwave communication network to the Catel Company in order to begin the program of digitalization and to improve public services in Havana; therefore, more than 6,000 public phones will be installed in Havana and, subsequently, in a national data network during the first eight months of this year.

Other plans for 1996 include the improvement of television services with the establishment of another 15 broadcasting centers as well as FM signals in several provinces and a 17 percent reduction in quiet zones in the Turquino Plan region.

The minister has said the country expects much from the communication sector and has said communications workers in 1996 will reaffirm that they will never disappoint the fatherland or Fidel.

Cuba: 'Straight Talk' on Needed Economic Controls

PA0503134196 Havana Radio Rebelde Network in Spanish 1700 GMT 22 Feb 96

[Interview with Journalist Julio Garcia Luis from TRABAJADORES newspaper by Osvaldo Rodriguez at the Radio Rebelde studio in Havana on the "Straight Talk" program — live]

[FBIS Translated Text] [Rodriguez] Good afternoon, my friends. This is "Straight Talk" here at Radio Rebelde. Consolidate first what has already been accomplished. This is the issue to be discussed here today with journalist Julio Garcia Luis from the TRABAJADORES newspaper. Well Julio, the microphones are all yours.

[Garcia] This is a very current topic, Osvaldo, since I just participated in a CTC [Cuban Workers Confederation] meeting, more specifically the CTC secretariat, which has been meeting with the government leadership to discuss those issues that have been outlined during CTC assemblies. Most logically, one of the issues that has gained momentum is related to workers concern and dissatisfaction with the status of the services offered by the state. Well, this was discussed yesterday in the presence of Comrade [Carlos] Lage and other government officials, together with options to improve government services. In addition to the mechanisms that have already been adopted, such as formulas to establish co-operatives out of the states' small- and medium-sized enterprises, or perhaps even have the state have a share in these cooperatives. In short, it was a really interesting discussion. Now, during the gathering, Lage said something which I personally found really interesting and very perceptive. He pointed out that at this time the country's first priority should not be aimed at inventing or implementing new measures, but first of all, to work to consolidate everything that has already been accomplished.

[Rodriguez] I believe that that proposal is very reasonable since we cannot begin to leave things undone. For example, with respect to self-employed workers, which is one of the most fundamental measures adopted at this time since it provides an opportunity to create all sorts of private jobs, I believe there are lots of problems in this area since there is still not a full knowledge of what is wanted, of how to accomplish it, or of how to control it. The same can be said about the farmer's markets that we have criticized several times on this program. The farmers' markets have had their ups and downs.

[Garcia] That is very true, Osvaldo. During the CTC meeting Finance and Prices Minister [Manuel] Millares disclosed a detail that I would like to mention here. Not long ago a study was carried out, the result of which showed that in 33 percent of all cases, that is one out of every 33 self-employed worker, some sort of violation was detected. I am not referring to these self-employed workers not having a valid license.

[Rodriguez] In other words, you are referring to violations related to the manner in which they conduct business.

[Garcia] The manner in which they conduct business, the things they did inadequately — several violations — other aspects that were not taken into account, guidelines of which they were unaware. We are talking 33 percent.

[Rodriguez] That is ...

[Garcia, interrupting] That means one out of every three.

[Rodriguez, continues] One out of every three of those who were surveyed. Just imagine how this figure will increase when we

[Garcia, interrupting] It gives you an idea that a major force has been unleashed in the country. A force that is still fragmented. We are talking about 208,000 self-employed workers, it includes all the farmers' markets in the 169 municipalities in the country, and in some municipalities we are talking about more than one farmers market. We are talking about more than 2,000 sugarcane and nonsugar cane UBPC [Basic Cooperative Production Units]. In other words, what we are talking about is implementing some order in this universe.

[Rodriguez] What we are referring to is bringing some order to the depenalization of U.S. dollar holdings and the exchange houses that sell currency to the population. Legalizing the exchange houses has also legalized the exchange of the dollar for the peso, and so forth. In other words, what we are talking about is a group of measures that we need to consolidate.

[Garcia] We must keep in mind that the more decentralization we have, the more effort we must put forth into finding adequate control measures to implement.

[Rodriguez] First, consolidate what we have already accomplished. This is the topic we are discussing today with TRABAJADORES journalist Julio Garcia Luis. Julio, we were speaking of some of the things that have already been done. I believe that we already referred to those issues that directly affected the population, but there are other high-level economic and macroeconomic decisions, such as the decentralization of foreign trade, that also needs to be consolidated.

[Garcia] This topic was mentioned at the CTC meeting. I would even add something else on this issue. For example, the deregulation and subsequent transformation of many state enterprises into companies that operate based on self-financing principles, also creates a need for more organization, more regulatory instruments, controls, as well as guidelines. With deregulation, more authority is being granted to those state officials heading these enterprises. At the same time, the state cannot pretend that it will no longer have anything to do with these enterprises. It still has to create a mechanism to inspect and oversee, as well as to regulate the manner in which these companies will operate.

[Rodriguez] We also have the country's labor policy where measures are being adopted, one step at a time, but we still do not have any definite integration.

[Garcia] Osvaldo, I feel as if sometimes even we fail to understand the true extent of the measures that have already been adopted and what they really entail.

[Rodriguez] Not even in the short term?

[Garcia] We seem to have adopted a sort of relaxed attitude. In other words, we seem to believe that all that has to be done is to implement a specific measure and the following day everything will continue to operate normally. We have to create...

[Rodriguez, interrupting] Or that the day after tomorrow all we have to do is to analyze if the new measure was successful or not.

[Garcia] This has already happened to us before. The truth is that behind every new measure, new mechanisms must be implemented and new procedures must be created. Look, let us take for example, the inspection problem the Finance and Prices Ministry is currently confronting. They now have to recruit, train, and supervise new inspectors. In other words, this is a wide-ranging and complex job. It is not sufficient to simply adopt a measure, but it is also necessary to maintain the state's regulatory role over the measure. If the state's regulatory role is lost, no matter how effective the measure adopted there is the constant risk of permanent distortions.

[Rodriguez] Luckily, so far, the state has not lost its control over most activities, even if it does not control everything. However, let us resume our discussion on the farmers' markets. The farmers' market is an institution created precisely to encourage agriculture productivity. Unfortunately, it has turned into a lot of price-fixing between a group of speculators who dominate the market. On the other hand, the state has been unable to control these speculators or even control the people working at the farmers' market. There have been countless reports of price-fixing, unfortunately without evidence. Maybe what is needed is more surveillance to establish that price-fixing really exists. There has even been talk of people participating in the farmers' market and getting wealthy.

[Garcia] Neither has there been any possibility of ensuring the principle that only those who first carry out their obligation to deliver to the state be allowed to take part in the farmers' market, be it an individual farmer, an agriculture cooperative, or a UBPC.

[Rodriguez] The UBPC can proudly say that with very few exceptions it has had to take part in the farmers' market.

[Garcia] Yet there have been cases of UBPC that have not met their production quotas and have been barred

from accessing the farmers' market precisely because they have not met their basic quotas. However, what they have done in these cases is to turn to brokers to help them to take advantage of the high prices at the farmer's market.

[Rodriguez] These same brokers also help to keep prices high.

[Garcia] In other words, what the country currently faces, and a key element in its future development, lies in gaining some control over this new universe of forces that have been unleashed. Yesterday, during this meeting I mentioned before, it was suggested that the year 1996 should be spent working on finding mechanisms to control, oversee, and regulate all that has already been accomplished.

[Rodriguez] "Straight Talk" has been discussing the issue of our need to first, consolidate what has so far been accomplished. Julio, once again the microphones are at your disposal. We were addressing several issues, and we mentioned some of the major measures already implemented in the country. I believe the measure that has so far caused the most impact, started all this process, and we can even say, unleashed this major change process in the Cuban economy was the depenalization of U.S. dollar holdings. We can aptly describe this as the measure of all measures. I believe that in a certain way this measure is move forward under some sort of control. We can safely say that Cuba has the merit of being one of the few countries, I believe the only one, that has been able to reevaluate its currency without having to undergo any major changes.

[Garcia] The way things are going, it would seem that everything is taking place as part of a process not as spectacular as what took place in August 1995. However, it is a sustained process where the peso has been gaining value one step at a time.

[Rodriguez] The value of the currency..

[Garcia, interrupting] Better yet, one peso at a time.

[Rodriguez] Right.

[Garcia] I believe this is the case. I would also like to add something else, Osvaldo, which I believe is equally important. We must be cautious and not implement measures at a time when resources are scarce. This could lead us to devise measures beyond what could be termed as prudent. In other words, a measure formulated under a situation of scarce resources could lead us to downgrade the state's presence in some sectors when it should not be diminished or where a different measure is called for. Since we are talking about the service sector, this means that when state control in services

such as gastronomy or even commercial services, is at its lowest point, formulating new measures under these circumstances could lead to a point beyond what economic prudence in these sectors would call for.

[Rodriguez] Julio, it is my opinion that most people tend to believe that the property ownership is what leads to efficiency. On several occasions on this same program I mentioned a book written by [Lee] Iacocca, who is perceived by capitalists as one of the biggest success stories. He was the one who saved the Chrysler corporation from bankruptcy. He is one of the world's biggest successes. According to Iacocca, private property is not more efficient than state property. As an example he pointed to Chrysler and to Ford Motor Corporation, where he occupied the position of president before going to work at Chrysler. Owning property does not necessarily mean efficiency. It should also be mentioned, however, that some type of encouragement does tend to have positive effect on the individual when private property is involved. Nevertheless, encouragement can work in a state property environment and, in fact, this has already been proven.

[Garcia] Of course it has. There have been numerous examples of this, and it would be time consuming to refer to all of them. There are concrete examples here in Cuba and throughout the world showing that state property can be highly efficiency.

[Rodriguez] Of course.

[Garcia] Private property does not constitute any guarantee of efficiency. It can be efficient just as it can be inefficient. In our particular case, I believe that we have to seek efficiency in the state economy, determine where this economy can be more efficient, as well as establish other economic opportunities. Nevertheless, we should not rush things. I believe it is for this reason that the caution proposed during yesterday's meeting to consolidate first what we already have, evaluate more, think things over, and not rush things beyond what is prudent is a wise suggestion. An ounce of prevention is worth a pound of cure and it can even guarantee that the measures we implement afterward will be much more effective.

[Rodriguez] You know, one of the things we have to consolidate in this phase is related to that we set out to accomplish from the beginning when we began to build socialism. This is related to having workers feel they are owners of the factories where they work and of the means of production.

[Garcia] Of course.

[Rodriguez] I believe that in a certain way there is a sort of segregation between workers and the means of

production. We have to bring both together again in such a way that the individual and his family will enjoy a better standard of living insofar as the factory improves.

[Garcia] I believe this is a valid point. We must make sure that social property will become something tangible for it to reach every individual, and for it to become something real. There have been cases where social property belongs to no one in particular. In fact, we still have situations where it belongs to no one. We have to struggle so that this social property will belong to you, me, any other, everyone and for all workers to feel this in their wages and in the benefits they receive.

[Rodriguez] Thank you very much, Julio, for talking honestly about this interesting issue. I do agree with you in that we have to consolidate what we have already accomplished.

Cuba: Ideology Coordinator on Goal of Defense Committees

*PA0503155796 Havana Radio Rebelde Network
in Spanish 1800 GMT 29 Feb 96*

[From the "National Radio News" newscast]

[FBIS Translated Text] The Committees for the Defense of the Revolution [CDR's] in Guantanamo are conducting a broad, mass movement with a view to supporting important tasks in the province. Reporter Jose Mejia Osorio has spoken with Roger Garcia, ideology coordinator for the CDR in Guantanamo Province:

[Begin recording] [Mejia] Where are the CDR's heading?

[Garcia] The main goal now is to protect the project we are forging; that is, our revolution, its defense at all times. Among the main tasks for the defense of the revolution are strengthening surveillance programs together with the Interior Ministry in order to combat crime and, of course, to preserve the peace to which the workers are accustomed. Another goal is to strengthen unity, solidarity, and coexistence among neighbors, because we all belong to the same house and neighborhood.

The ideological program also includes ceremonies to reject the acts of piracy to which we are constantly subjected, and the people of Guantanamo affirm that the enemies will never find a space in any street and neighborhood here in this prime trench against imperialism.

[Mejia] The response of the people of Guantanamo can be seen everywhere; for example, the recently concluded coffee harvest where the CDR has played an importance role. Likewise, the development of the sugarcane harvest also relies on weekend mass mobilizations. Other

social projects, mainly housing, are also benefiting from the efforts of our working people in every street and neighborhood. [end recording]

Cuba: Illegal Emigrants Picked Up on High Seas, Returned

PA0503212396 Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 5 Mar 96

[Report by Gladys Rubio from the "NTV" newscast]

[FBIS Translated Text] In compliance with migration agreements Cuba and the United States have signed, another group of illegal emigrants picked up on the high seas was returned to Cuban authorities through the Port of Cabañas. As on previous occasions, representatives of the U.S. Interests Section were also present.

A U.S. Coast Guard ship has turned in five illegal emigrants to Cuban Foreign Ministry and border officials. They were all males from Holguin Province. It was announced that they first received a medical checkup before being transferred to their places of origin.

Cuba: Sugarcane Harvest in Matanzas Province 'Unstable'

PA0503155896 Havana Radio Rebelde Network in Spanish 1800 GMT 23 Feb 96

[Commentary by Diosdado Maso from the "National Radio News" newscast]

[FBIS Translated Text] Matanzas Province is one of four regions decisive to the Cuban sugarcane harvest, but the development of the harvest in Matanzas becomes more unstable every day in terms of grinding, the main activity of this current phase.

For example, in the last three days, grinding at mills in Matanzas ranged from 70 percent to the 53 percent reached yesterday, but are the Matanzas mills not grinding due to a lack of cane? This is what is lamentable. They have cane, good cane at that. Do they have workers whose commitment is admirable but whose combines are experiencing breakdowns as in other provinces?

The combines in Matanzas are cutting and cutting much cane. There is the example of Combines Platoon No. 16 from 6 de Agosto Mill or Platoon No. 3 from El Limpio Basic Cooperative Production Unit, which cuts for the Rene Fraga Mill.

The problems with the sugarcane harvest in Matanzas lie in the low availability of trucks and carts that follow the combines, the too-frequent breakdowns of cranes, the operational uncertainty of workers and industry, and,

in my opinion, the lack of agility and precision in the operational decisions in certain places.

I am not questioning whatsoever the skill of those who supervise the harvest. What I am questioning is the failure to make the right decisions at the right place, because if a combine platoon cuts very well and its machines seldom break down, if it meets and surpasses its daily tasks, that platoon should not be allowed to experience problems with transports or anything else. This is not the case.

The harvest in Matanzas is experiencing a bad period. They have to exert another effort and react. Now is the time. They have the experience and the cane. They can do it.

Haiti

Haiti: Senate Approves PM Smarth's General Policy

PA0503184796 Port-au-Prince Signal FM Radio in Creole 1230 GMT 5 Mar 96

[Report by Yvener Millien from "The 0730 Appointment Newscast"; passages within slantlines in French — recorded]

[FBIS Translated Text] [Millien] Haitian Prime Minister Rosny Smarth made his statement of general policy yesterday, 4 March before the Senate. Smarth said that his government will struggle to consolidate the opening of the Haitian political system. He went on to say that the government he is going to lead will take appropriate steps to prevent any attempts to break up institutions such as the Parliament and the political parties. The prime minister said that his government will give the appropriate support to the women's struggle so they can enjoy all their rights.

In his statement of general policy, Smarth asserted that he is going to carry out thoroughgoing reforms within the public offices, and that he will establish shortly a series of measures aimed at allowing a climate of security to prevail in the country and justice to favor an economic and social development. On the privatization issue, Rosny Smarth stated that he is going to study each state-owned enterprise individually. Thus, according to the prime minister, if the financial situation of a state-owned enterprise is bad and requires correcting, the government may then consider selling a portion of the shares of the enterprise through management contracts with people knowledgeable in the field.

Furthermore, the prime minister said that if the financial situation of a state-owned enterprise is really serious, the government will be obliged to get rid of this

responsibility and to sell it in accordance with the market price while avoiding strengthening monopolies.

[Smarth] /Neither the government nor the business sector nor the foreign cooperation alone nor the three together can guarantee the realization of the difficult task of national development. The participation of all Haitians in this undertaking has proved to be essential. The legal [word indistinct] to that effect is set by the Constitution. We just have to start implementing it. To achieve it [national development], the government's task will consist in ensuring the setting up of the assemblies and territorial councils and communities, to decentralize the central administration, to create spaces for dialogue, concerted action, and partnership between the various components of the civilian society, help reinforce and develop the associative movement. The Haitians living abroad will be invited to fully participate in the construction of the country by bringing their technical know-how and material resources./

[Millien] Prime Minister Smarth said his government is going to prioritize the enterprises providing services over those producing goods because, according to him, experience has shown that it is more difficult for the state to product goods the same way it provides services.

On the economic issue, the prime minister says he will have the country's resources work, he will increase production so he can satisfy the essential needs of the population, and he also intends to create many jobs. Additionally, Smarth stated that his government will also prioritize the agro—industrial system working with non-metallic mineral materials. Furthermore in his statement of general policy, the ratified prime minister said he will develop the infrastructures because according to him there cannot be economic development without an increase of electric power, without the modernization and the expansion of the telecommunication system, and so on. Rosny Smarth went on to say his government will make fiscal reforms and will promote private investments and external trade while making efforts to reduce the expenses of the state.

[Smarth] /It is necessary to say there will not be a sustained economic growth without a substantial increase of the production of electric power, without the modernization and the [word indistinct] of the telecommunication system, without rebuilding and widening considerably the road system, and the port and airport system./

[Millien] In conclusion, the new Haitian prime minister said the government he is going to lead will also give priority to the sectors of health, education, environment, housing, culture, and leisure. On foreign policy, Rosny Smarth stated: The objective of our diplomacy is to reinforce the friendly and cooperation relations with

all countries especially North America, the European community, Japan, the Latin American countries, and the Caribbean countries. Following Smarth's general policy statements, the senators asked him numerous questions on points that were not very clear to them. After many debates, 15 senators voted for and three others abstained from voting. Smarth also has to appear today before the Chamber of Deputies. Yvener Millien for Signal FM.

Haiti: Preval at Rice Production Seminar in Northeast

PA0503135196 Port-au-Prince Signal FM Radio
in French 1130 GMT 4 Mar 96

[From "The Waking Up Newscast"]

[FBIS Translated Text] Haitian President Rene Preval was on an exploration tour in the northeast over the past weekend. The head of state took the opportunity to encourage land reform. It is his second visit to the province since he took office on 7 February 1996. According to a reliable source, during his visit, Preval tried to encourage the northeastern rice producers who face up to numerous problems such as irrigation for their plantations, and so on. Preval, who was leading a presidential delegation, talked with the local authorities and the farmers. A meeting was also held with the peasants of Mariboro on boosting rice production. The following is a statement by Rene Preval in Fort-Liberte.

[Begin Preval recording, in progress] ...was a project in which the government lends you some money. What do you do with the money? Health, education, things that really have nothing to do with production. I think that if you give an agricultural producer the means to create (?wealth), he will be able to buy health, he will be able to pay for education. But if you continue to give him health and education all the time, whenever you stop giving them to him, he [words indistinct] a child, a child in your service. Secondly, it is an amount of money that is lent by the state, by the country. The country has lent an amount of money and does have to pay it back. If only (?health) projects are carried out, how will we be able to pay this money back? When will this money yield enough so we can pay it back? [end recording]

This was Haitian President Rene Preval speaking at a seminar on agricultural production. The presidential delegation left Port-au-Prince at dawn on 2 March.

Haiti: Parliamentarians on Cuban Invitation, PRC Ties

PA0603061096 Port-au-Prince Signal FM Radio in French 1130 GMT 4 Mar 96

[From the "Waking Up Newscast"]

[FBIS Translated Text] A delegation of Haitian parliamentarians may possibly go to Cuba next June at the invitation of the president of the Cuban National Assembly. Within the scope of the exchanges initiated between the two countries, a delegation of Cuban parliamentarians were in Haiti over the weekend. [This delegation was] presided over by Omar Cordoba and Ricardo Garcia. The members of the Cuban delegation met with senators and deputies of the Republic. They presented a letter from the president of the National Assembly of Cuba to the president of the Senate inviting him to visit next June.

Regarding the recently restored relations with the People's Republic of China, the foreign affairs commission of the chamber has viewed the issue with much interest. The deputies are about to deliver a verdict on a resolution making the restoration of the relations between Port-au-Prince and Taiwan officials. Listen to what Deputy Alix Fils-Aime has to say on this issue.

[Begin recording] [Fils-Aime] I introduced a resolution at the Haitian Parliament aimed at restoring diplomatic relations with the People's [Republic of] China, the continental China, not Taiwan, the biggest China. We already have relations with Taiwan, and we said that these relations... [pauses] The intensity of these relations, the diplomatic support Taiwan received from us did not provide any benefit in regard to the aid which it knows we need and that which it can provide us; we think that the People's Republic of China, a country with over one billion people, has an economy with formidable experience in fields that interest us strategically such as agriculture and agro-industry. I thought that the relations would generally be much more profitable for these countries. [as heard] It is a resolution I introduced at the Parliament. The resolution is in the hands of the foreign affairs commission of the Chamber of Deputies. I hope they will give a ruling on it very soon, this week. I can already tell you that a majority — from what I know — of the deputies favors this resolution. When this resolution is issued, we will send it to President Preval. Then, we will ask him to call a meeting to discuss the reasons for justifying these relations. He will then make a decision.

[Unidentified journalist] As regards Cuba, do you not fear the problems Haiti might have with the United States?

[Fils-Aime] We do not have any problem with the United States. [end recording]

The vice president of the interior commission of the Chamber of Deputies, Deputy Serge Boucicault, pointed out that Haiti is a sovereign country and that no power can prevent it from restoring diplomatic relations with other countries.

[Begin recording] [Boucicault] I have seen in all the documents I have read that privatization always has a negative impact on a population. But the world has come into a new order. As everybody knows, now it is question of a free market. If you look, you will see that even Cuba has made overtures now, for example, in its telephone company. Thus, I ask you how we should tackle this issue and what it will result in for Haitians especially, because I think that the people who are going to negotiate, always see themselves as losers. And, as a result, these people may make too many concessions. So, we should tackle this issue as adults. But I am still wondering. Does Haiti believe it will not be able to privatize, if almost all other countries accomplish privatization? [end recording]

This was the vice president of the interior commission of the chamber of deputies who was talking about the issue regarding the privatization of the state-owned enterprises. It is, therefore, wished that the next prime minister should tackle this issue for the benefit of the Haitian people.

Haiti: Confrontation Between Armed Youths, Policemen

PA0503140196 Port-au-Prince Signal FM Radio in French 1130 GMT 4 Mar 96

[From "The Waking Up Newscast"]

[FBIS Translated Excerpt] There were skirmishes between the police and youths of the Reception Center of Carrefour. The policemen and youths of this center exchanged shots for more than eight hours on 2 March. The final toll is one dead and seven injured including one policeman, Gilbert Bontemps, a policeman who was shot in the eye.

The dead person is a youth from the Reception Center who had a fake revolver in his possession, according to the UN civilian police that was on the spot. During this operation, the National Police arrested about 30 people and evacuated the minors. It also confiscated five M1 rifles, two .38 Colt revolvers, and one UZI submachine gun. These confrontations occurred after the youths of the Reception Center had seized two guns from the police and were keeping two policemen hostage. [passage omitted]

Mexico: Court To Investigate Aguas Blancas Massacre

PA0503194096 Mexico City XEW Television Network in Spanish 0400 GMT 5 Mar 96

[Report by Daniel Flores Meneses; from the "24 Hours" newscast — passages within quotation marks recorded]

[FBIS Translated Text] Government Secretary Emilio Chuayffet announced that President Ernesto Zedillo has asked the Mexican Supreme Court of Justice [SCJN] to investigate the massacre that occurred in Aguas Blancas, Guerrero State, in which 17 farmers were killed. Mr. Chuayffet read a communique to reporters. He said President Zedillo's request complies with Paragraph 2 of Constitutional Article 97.

[Chuayffet] "Some chambers of the Congress of the Union or any state governor may ask the Mexican SCJN to appoint any of its members or any district judge or circuit magistrate or any special commissioners to investigate any events that might constitute a serious violation of civil rights."

The government secretary pointed out that some factors in the Aguas Blancas case are enough to request the SCJN's intervention. He stated that this decision is neither too late or inadequate. In addition, he said:

[Chuayffet] "Some might think that this violates state autonomy. We should bear in mind that federalism was not agreed upon to create exclusive boundaries that are beyond constitutional and legal control to which any authority is liable."

According to Chuayffet, if this standard is followed it will eliminate any impasse:

[Chuayffet] "Between respect for the federal pact and immunity."

He said President Zedillo had intervened:

[Chuayffet] "Because the facts involved were particularly serious and infringed the rights contained in Constitutional Articles 14 and 16. All mechanisms should be exhausted so as to fully clarify these facts and truly remedy the harm caused to the victims, to their relatives, and to the national community."

He pointed out that the SCJN's participation will inspire confidence because we Mexicans want justice instead of immunity. This news conference was held in Juarez Hall at the Government Secretariat.

Mexico: Party Leaders Call For Completion of Reform

96CA0119A Mexico City REFORMA in Spanish 27 Feb 96

[Commentary by Maria Elena Medina: "Action on Political Reform Requested" — received via Internet]

[FBIS Translated Text] Leaders of the PRD [Party of the Democratic Revolution], PAN [National Action Party], and PRI [Institutional Revolutionary Party], as well as other civic leaders and opinion makers came together yesterday to issue an "Appeal for Democracy," calling on the political movers of electoral reform to show their commitment to democracy in deed, not just in word.

During a historic act yesterday afternoon in the Anthropology Museum, attended among others by the national leader of PAN, Carlos Castillo Peraza, the national leader of the PRD, Porfirio Munoz Ledo, and PRI official Agustin Basave Benitez representing PRI's national president, Santiago Onate Laborde, they agreed that there was an urgent need to conclude the electoral reform and to carry it out through an "authentic" political consensus.

They also called for the political reform to be as consonant as possible with the 60 points that were made known in January as a result of the Chapultepec Seminar. Some of the points are the approval of independent candidates for election, the reelection of lawmakers, cuts in campaign spending, and Supreme Court jurisdiction in electoral matters.

In attendance in the museum's auditorium was former Mayor Manuel Camacho Solis, who in an interview emphasized that he would take part as a citizen "today" and "tomorrow" in the transition to democracy, but "the day after tomorrow" he would see how he would do so. "The day after tomorrow," he said, means decisions in 1997.

Mexico: Status of Electoral Reform Considered

96CA0119B Mexico City REFORMA in Spanish 27 Feb 96

[Commentary by Sergio Sarmiento, journalist and encyclopedist: "Reform and the Castle" — received via Internet]

[FBIS Translated Text] "It is improper to speak of reform without making reference to form" (G.K. Chesterton).

For a time it seemed that electoral reform, one of the fundamental components of state reform, was doing fine. For much of 1995 an independent group of

Mexicans, including citizen counselors Santiago Creel and Jose Agustin Ortiz Pinchetti, as well as alternate counselor Jaime Gonzalez Graff, sponsored a series of meetings at Chapultepec Castle that had surprisingly positive results.

Representatives of the country's main political parties attended these meetings, which wound up being known as the Castle Seminar. Over time the discussions narrowed differences that had initially seemed insurmountable. The seminar focused on 150 basic issues, which included many specific subissues. By 12 December, however, 60 basic conclusions had been drawn.

Definitive agreements were not reached on all issues. Disagreements persisted on issues as important as the use of national colors on party emblems, the distribution of seats in Congress among legislators from single-member and multimember districts and, and the financing of parties and their political campaigns. Nevertheless, so much progress was achieved that after the conclusions were made public, the thinking was that electoral reform was finally at hand.

Such optimism came to an abrupt end in early 1996, when the "official" negotiating board, the Interior (Gobernacion) Secretariat's, went into action. It consisted of the very same representatives of the political parties who had attended the Castle Seminar. However, far from upholding the positions that it had reached during the negotiations at the castle, PRI [Institutional Revolutionary Party] once again set forth the views that it held when they began.

There have been several interpretations of this decision by PRI:

One is that the Interior Secretariat was annoyed that the Castle Seminar, an unofficial organization, was taking credit for the electoral reform and it felt that any accords ought to emerge from negotiations sponsored by the government's highest political body. Thus, PRI had returned to its initial position so that the same steps could be retraced.

Another take is that PRI's preferred negotiating strategy is to begin these new discussions from its most extreme positions so that it can gradually give ground, as it did in the Castle Seminar. This interpretation would imply that PRI does not seek to prevent electoral reform, but rather to negotiate from the strongest possible position.

Still another interpretation is that the groups inside PRI that are opposed to political reform considered and rejected the stands the party took at the Castle Seminar. If this view is correct, then the apparent flexibility that PRI showed at the Castle Seminar will not be repeated on the Interior Secretariat's negotiating board. However,

since the opposition parties have already secured certain concessions, it is unlikely that they will be willing this time to accept conclusions substantially different from the ones reached at the Castle Seminar. The outcome of this situation could be the failure of the negotiations for electoral reform.

On the terrace of the Anthropology Museum yesterday, the members of the Castle Seminar scheduled a meeting to be attended by several very prestigious figures in the country's political, economic, and social life. At this meeting, which is supposed to be held after this article is written, the plan is to demand that the government and the political parties make quicker progress toward electoral reform by making use of the conclusions from the Castle Seminar. Why the hurry? Because if an electoral reform is not hammered out over the next few weeks, there will not be enough time to implement it fully for the federal elections in 1997.

The reform of the state has become one of the most crucial processes in the country's history, but care must be taken so that it does not turn into a political opportunity from which everyone attempts to benefit. It is true that President Ernesto Zedillo was the one who initially promoted it, and accordingly he deserves credit. But it is also true that a reform of this nature cannot be undertaken only by the executive branch or the ruling party. A reform without a consensus would be doomed to being just another of the many that have been tried over the decades. It would certainly not be the "definitive" reform that President Zedillo himself has said he wants.

Mexico: Roundup of Economic Developments Through 5 Mar *PA0503152396*

[FBIS Report] The following is a compilation of reports on economic developments in Mexico monitored through 5 March.

According to Bank of Mexico (Banxico) figures, the portfolio of overdue loans of the country's 62 financial leasing companies totaled 8.533 billion pesos, whereas the sector's capital, reserves, and accumulated profits amounted to 3.907 billion pesos at the close of December. The sector's loan portfolio increased slightly in 1995, going from 34.050 billion pesos to 34.210 billion pesos. (Mexico City EL FINANCIERO in Spanish 22 Feb 96 p 8)

Enrique Vilatela, general director of the National Foreign Trade Bank of Mexico (Bancomext), has stated that 550 out of the country's 25,000 exporting companies control 80 percent of the total volume of non-oil exports. He attributed the recovery of the Mexican trade

balance, which rose from a deficit of \$18.4 billion in 1994 to \$7.3 billion in 1995, to three main factors: The structural changes in the companies, the implementation of the NAFTA, and the low value of the peso compared to the dollar. (Mexico City EL FINANCIERO in Spanish 25 Feb 96 p 10)

Carlos Bazdresch, director of the National Science and Technology Council, was critical of the country's business sector for earmarking only 10 percent of its earnings for research and development. (Mexico City EL FINANCIERO in Spanish 25 Feb 96 p 32)

Mexico must pay \$13.858 billion in 1996 in capital and almost \$14 billion in interest for the country's total foreign debt, which at the end of 1995 totaled \$170.4 billion, according to figures from the Finance and Public Credit Secretariat and Banxico. Until September of 1995, the private debt totaled \$51 billion. (Mexico EL FINANCIERO in Spanish 26 Feb 96 p 4)

A report submitted by Victor Manuel Diaz Romero, president of the Confederation of Industrial Associations (Concamin), to the officials of the Commerce and Industrial Development Secretariat (Secofi), indicated that the 32 percent of the country's manufacturing companies are at a standstill or declining, 44 percent show survival levels with slow growth, and only 24 percent are growing. Since the opening of the Mexican economy, some companies can be regarded as "winners" and others as losers. The "winners" include transportation equipment and materials, electronic equipment and appliances manufacturers, beer, malt, and alcoholic beverage companies, chemical and oil companies, and the automobile industry. (Mexico City LA JORNADA in Spanish 26 Feb 96 p 47)

At the close of 1995, Mexico's production of liquid steel rose to the record-breaking figure of 12.1 million tons, or 18.4 percent over 1994's figures. A report submitted to the Board of Directors of the National Iron and Steel Chamber (Camara Nacional del Hierro y Acero — Canacero) attributed this "landmark" to investments totaling over \$3.2 billion that were made five years ago when the sector was privatized. (Mexico City LA JORNADA in Spanish 26 Feb 96 p 47)

The National Institute of Statistics, Geography, and Information Science, INEGI, reported today, that Mexico's GDP in 1995, amounted to \$212 billion, according to a 26 February report datelined Merida, Mexico. The service sector was the main provider with \$91 billion, 42.9 percent of the total GDP. The industrial sector (mining, manufacturing, construction, and electricity) was the second most productive area as it contributed \$62 billion, 29.2 percent of the GDP. It added that mining produced \$3.748 billion; manufac-

turing, \$46.7 million; construction \$8.635 million; and gas, water and electricity, \$3.139 million. INEGI also reported that the commerce, restaurants, and hotels sector contributed \$43.509 billion, 20.2 percent of the total Mexican GDP; and the agriculture, forestry, and fisheries generated \$16.397 billion, or 7.7 percent. (Mexico City NOTIMEX in Spanish 0031 GMT 27 Feb 96)

Bank of Mexico and stock market reports have indicated that \$463.7 million in foreign investments were withdrawn during the first half of February. Such resources did not necessarily leave the country as they could have been moved to the stock and securities markets. Additionally, foreign investments in government certificates currently amount to \$3.183 billion. Out of the resources withdrawn by foreign investors during the first half of February, 85.6 percent, that is to say \$397.1 million, were placed in Treasury Certificates (Cetes) and the rest in other debt instruments. The Federal Government bonds held by foreigners amount to 19.5 percent of the total internal debt held by the public, or 122.355 billion pesos. (Mexico City LA JORNADA in Spanish 27 Feb 96 p 52)

The Bital Financial Group has announced that it will conclude the third phase of the capitalization program at the end of March 1996. The program consists in selling 51 percent of Interamericana Insurance to their partner, American International Group, for \$25 million as well as the sale of other assets amounting to 150 million pesos. Bital Group spokesmen also reported that the Hispanic American Central Bank and the Portuguese Central Bank could increase their participation in the group to 23 percent in seven years. Those two institutions currently control 17 percent of the assets of the Bital Group. (Mexico City EL FINANCIERO in Spanish 27 Feb 96 p 8)

National Foreign Trade Bank of Mexico (Bancomext) director Enrique Vilatela has reported that approximately 10,000 medium-sized companies have entered the export business and that the country will have more than 25,000 export companies by the end of 1996. Vilatela asserted that this was achieved thanks to the \$13 billion in credits given to small and medium-sized companies. He added that currently 550 companies export 80 percent of their sales to the international market and only 3,500 of those companies export more than \$10,000 every year. He said the economic recovery and 20 percent growth in exports is based on 10 sectors: Vehicle parts, electronic and home appliances, steel, chemicals, pharmaceutical, textiles, shoes, plastics, furniture, construction and agricultural supplies. (Mexico City EL FINANCIERO in Spanish 27 Feb 96 p 11)

Approximately 5 million Mexican credit card holders cannot use their cards in department stores because the latter refuse to pay a 3 percent commission demanded by banks for each operation made with credit card. Banks, department store chains, and VISA have not reached an agreement and this negatively affects a business that generates transactions amounting to \$5.2 billion every year. (Mexico City EL FINANCIERO in Spanish 27 Feb 96 p 14)

Mexico's public sector paid \$2.93 billion between October and December 1995, to service its foreign debt. This has been the biggest disbursement to pay for interests since the first trimester of 1990. The reason for the increase is that the country has incurred in more debts with the U.S. rescue packages and continues to have big loans from the main industrialized economies. The Finance and Public Credit Secretariat has reported that the service of the debt is very important in the budget and exceeds the allotment assigned to the investment programs. The financial cost of the government's debt increased 18 percent in 1995. (Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 27 Feb 96 p 3A)

The Mexican Telephone Co. (Telmex) has placed a \$280 million bond issue in international markets. According to Telmex, the bonds were placed in U.S., Canadian, European, and Middle Eastern markets, at a LIBOR (London Interbanking Offering Rate) rate and with a 5 March 1997 maturity date. Meanwhile, Avantel corporation, a new telephone service concessionaire, announced it will continue its plans to install 5,300 km of fiber optics network, with a \$380 million investment. (Mexico City LA JORNADA in Spanish 27 Feb 96 p 49)

Sources at the Secretariat of Energy have said Mexican petroleum exports will grow by 16 percent in 1996. Sources said petroleum sales are expected to average 1.52 million barrels per day (bpd). However, authorities reportedly expect to sell 1.7 million bpd by the end of the decade. The sources concluded the decision to increase exports in 1996 resulted from the need to cover contracts that were not covered due to meteorological phenomena last year. (Mexico City LA JORNADA in Spanish 27 Feb 96 p 51)

Cement consumption in the Mexican market in 1995 totaled 21.6 million tons, according to a 28 February report datelined Mexico City. This represented a 25-percent drop compared to 1994, the Apasco Cement Company reported on 28 February. The company reported the demand picked up in the last quarter of 1995, bringing some relief to the depressed cement industry. The drop in cement consumption coincides with the 22

percent drop in the construction sector in 1995. (Madrid EFE in Spanish 2353 GMT 28 Feb 96)

At the close of the last quarter of 1995, the Bancomer Financial Group (GFB) reported a 44-percent decline in net profits, going from 901 million pesos in 1994 to 505 million pesos last December. GFB noted that the establishment of large reserves and prevailing economic conditions influenced these results. The GFB report showed that Bancomer earmarked 1,806 billion pesos for the reserves, making it the institution with the highest level of reserves in the system. In addition, Bancomer's capitalization index was set at 11.51 percent and emergency reserves accounted for 86 percent of its expired portfolio. (Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 28 Feb 96 p 2A)

Investment fund operators have reportedly recommended international investors to purchase debt stock and shares from Mexican corporations. In the last three months, Mexico received 25 percent of total investment resources placed in Latin America. This represented a 2 point increase from 31 January 1996, when investments going to Mexico accounted for 23 percent of total foreign investments in Latin America. However, this figure is 68 percent less than the total for March 1994, when Mexico experienced its best moments as an emerging market. Low interest rates in industrialized nations and the high interest rates paid by Mexico shifted the flow of foreign resources back to Mexico. (Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 28 Feb 96 p 5A)

The value of the fishing production in 1995 has reached the record-breaking figure of 1,4107 million tons of fish products, namely 150,000 more tons than in 1994. According to the Secretariat of the Environment, Natural Resources, and Fisheries (Semarnap), this total represents 12 percent more than the catch in 1994 and 18 percent more than in 1993. Sardine production last year totaled 360,184 tons, while tuna production — in spite of the U.S. tuna embargo — reportedly rose by 17.57 percent, going from 132,305 tons in 1994 to 155,554 tons last year. (Mexico City EL FINANCIERO in Spanish 28 Feb 96 p 30)

According to the Workers University (Universidad Obrera) Research Unit, the prices of basic market products in the last three months rose by 14.2 percent. This brought the loss in purchasing power in the last 14 months to 29.6 percent. The University report showed that in the last three months inflation offset the 10-percent minimum wage hike implemented in December and adversely affected the government prospects to close 1996 with a 20.5 percent inflation rate. The report concluded that although in nominal terms daily mini-

minimum wages went from 18.30 to 20.02 pesos, discounting inflation, minimum wages dropped from 11.22 pesos in December 1994 to 10.75 pesos presently. (Mexico City EL FINANCIERO in Spanish 28 Feb 96 p 23)

According to a 28 February report datelined Mexico City, foreign investment in businesses listed at the Mexican Securities Exchange, BMV, has remained stable over the past three years with a 25- to 28-percent share in total investments. According to BMV President Manuel Robleda Gonzalez, foreign investment amounted to \$28.3 billion as of January 1996. Over the past five years, the BMV's Prices and Quotations Index has increased from \$32.7 billion to some \$100.7 billion, a 93-percent growth. During this same period, the average amount of operations at the BMV increased from \$49 million to \$137 million in 1995. (Mexico City NOTIMEX in Spanish 0131 GMT 29 Feb 96)

According to a 29 February report datelined Montreal, Mexico increased its exports to Canada by 20 percent in 1995 as per figures disclosed by the Canadian Foreign Affairs Ministry. Mexico was Canada's fourth main supplier in 1995, following the United States, Japan, and the UK. In 1995, Mexican exports to Canada amounted to \$3.95 billion, including some \$2.18 billion from the automobile sector, some \$968 million in machinery and equipment, \$308 million in industrial goods, and \$219 in agricultural products besides other goods. In December 1995, Mexican exports to Canada amounted to some \$300 million, a 10-percent increase over December 1994. In 1995, Canadian exports to Mexico amounted to \$818 million, a 5-percent increase over 1994. (Mexico City NOTIMEX in Spanish 0736 GMT 29 Feb 96)

According to a 29 February report datelined Mexico City, Mexican Petroleum, Pemex, will invest some \$3.729 billion in exploration, production, and refining this year. According to Pemex Director General Adrian Lajous, this is a 40-percent increase over 1995 and will include a \$450-million program for production, development, and exploration. In 1995, Pemex registered a total gross income of \$13.237 billion, a 20-percent growth over 1994. In 1995, Pemex produced an average of 2.617 million daily barrels, including daily averages of 1.53 million barrels of oil products and 3.759 billion cubic feet of natural gas. Local sales of oil products and natural gas decreased by 6 percent in 1995. Last year's average export price for crude oil was \$15.70 per barrel, a \$1.82-increase over 1994. (Mexico City NOTIMEX in Spanish 2058 GMT 29 Feb 96)

The Mexican construction sector registered its worst drop in 1995 when 36 percent of all construction com-

panies were completely paralyzed and over 4,000 disappeared. Moreover, last year the number of jobs in this sector decreased to 275,000, a 40-percent reduction in comparison to 1994. While this sector's GDP decreased by 22 percent in 1995, its production value decreased by 33.7 billion pesos. (Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 29 Feb 96 p 3A)

At the end of January 1996, almost half of foreign investment at the BMV, \$27.937 billion, concentrated exclusively in the communications and transportation sector, amounting to \$13.4098 billion. Of this amount, \$12.8281 billion, 95.66 percent, were invested in the Mexican Telephone Co. and Televisa Group. At that time, foreign investment in other sectors was as follows: \$4.2033 billion in the manufacturing sector; \$3.2445, 11.6 percent of total foreign investment, in the construction sector; \$2.558 billion in the miscellaneous sector; and \$2.249 billion in the commercial sector. (Mexico City EL FINANCIERO in Spanish 29 Feb 96 p 7)

For the first time in history, Pemex disclosed its oil production cost at national and regional levels. Pemex's production cost is comparable to the production cost of Persian Gulf oil and much lower than that of the Northern Sea oil. Production costs per barrel of oil are as follows: \$2.52 (national average), \$1.86 (sea region), \$3.21 (southern region), and \$8.29 (northern region). (Mexico City REFORMA in Spanish 1 Mar 96)

Mexico City's National Chamber of Commerce disclosed that thefts to businesses increased by 76 percent in 1995. One out of four businesses was robbed at least once. Losses in 58 percent of these businesses were in cash, while merchandise was stolen in the other 42 percent. Gas stations were the most affected (74 percent), followed by sport stores (53 percent), and drug, electronics, candy, and cigar stores (about 35 percent). (Mexico City Radio Red Network in Spanish 0000 GMT 1 Mar 96)

According to the Iron and Steel National Chamber of Commerce, Mexico's steel sector registered a 30-percent recovery over the past 60 days. Over the past four years, liquid steel production increased by 4 million tons. (Mexico City XEW Television Network in Spanish 0400 GMT 1 Mar 96)

At a news conference, Pemex Director General Adrian Lajous reported that Pemex paid 67 cents in taxes for every peso in total sales in 1995. Estimated production for 1996 is 2.85 million daily barrels of oil, including 1.5 million daily barrels for exports. (Mexico City XEW Television Network in Spanish 0400 GMT 1 Mar 96)

Guatemala**Guatemala: URNG 'Very Pleased' Over Continued Peace Talks**

PA0503164296 *Guatemala City Televisiete Television in Spanish 1900 GMT 1 Mar 96*

[From "Channel Seven News" newscast]

[FBIS Translated Text] The URNG [Guatemalan National Revolutionary Unity] has said it is very pleased with the resumption of the peace talks with the government's official commission.

The URNG said it is optimistic with the peace negotiations being held with the new Guatemalan Government headed by conservative Alvaro Arzu and expects the signature of an overall agreement this year.

Miguel Sandoval, member of the Political-Diplomatic Commission of the URNG, said in San Salvador that his country's peace process is going through a privileged moment. The rebel leader explained that socioeconomic and agrarian matters are currently being negotiated based on a consolidated document that was submitted by the United Nations to the parties involved and that was the result of intense months of negotiations with the previous government of Ramiro de Leon Carpio.

We believe that since President Arzu took office on 12 January, conditions for the progress and strengthening of the negotiations are improving in Guatemala. We observe an atmosphere of optimism and renovated confidence and we are greatly pleased about this, Sandoval said.

Arzu, from the National Vanguard Party, PAN, has been the first president of Guatemala who has met with the guerrillas to find an end to the country's armed conflict which dates back to 1960 and has caused more than 150,000 lives, according to humanitarian organizations.

The meeting between Arzu and the URNG commanders was held in Mexico on 26 February when the president paid a four-day official visit to that country. Arzu had already met with URNG representatives in this capital in December 1995 when he was still a presidential candidate. Sandoval said the meeting in Mexico took place in the framework of the negotiation process as a way of eliminating mutual apprehension and finding possibilities for a rapprochement. Sandoval added that in this regard the General Command of the URNG has expressed its satisfaction over the meeting. We understand that President Arzu has done his share and we believe the door is open for new meetings that can contribute to the negotiation, Sandoval said.

Sandoval is currently in San Salvador participating in a preparatory meeting of the Sixth Sao Paulo Forum,

which will be held in the Salvadoran capital in July. Coincidentally, Arzu will arrive in El Salvador today, 1 March, to participate in a dinner organized by the private sector.

Honduras**Honduras: Congress Ratifies Human Rights Commissioner**

PA0503134096 *Tegucigalpa EL PERIODICO DE HONDURAS in Spanish 29 Feb 96 p 10A*

[FBIS Translated Excerpt] The National Congress last night unanimously agreed to ratify Dr. Leo Valladares Lanza as National Human Rights Commissioner, whose first appointment was made during the Rafael Leonardo Callejas government.

Last night's session was headed by the President of the National Congress Carlos Roberto Flores, with whom the commissioner met on 26 February to discuss various issues pertaining to his administration and who introduced the motion before the plenum.

According to the Constitution, the commissioner is an institution that safeguards human rights — laws that are internationally recognized — and Congress extends his term for six years. [passage omitted]

Nicaragua**Nicaragua: Government Accused of 'Squandering' Aid**

PA0303180296 *Managua BARRICADA in Spanish 26 Feb 96 p 5*

[Report by Carlos Garcia Castillo]

[FBIS Translated Text] Esteli — Francisco Mayorga, alias Panchito, leader of the Force 96 Republican Alliance Party, a movement which has emerged from a political division of the Christian Democratic Union, accused the government of squandering international aid and said the people will hold accountable President Violeta Chamorro and her ministers for the whereabouts of more than \$3.5 billion donated to Nicaragua since April 1990.

Mayorga made his debut on 24 February as leader of Force 96 during the first departmental congress of this new mini-party, which was able to assemble a few delegates from Matagalpa, Jinotega, Madriz, Nueva Segovia, and Esteli, where a rally was held.

Panchito Mayorga, former president of the Central Bank of Nicaragua and author of the unsuccessful 100-Day Plan for the country's economic recovery, strongly

criticized the economic and rural credit policies of Chamorro's government.

Mayorga blamed the government for the economic bankruptcy of hundreds of producers in the northern part of the country who he said are not only paying the highest interest rates in Central America but are also burdened with the devaluation of the national currency vis-a-vis the dollar.

Panchito said "more than \$3.5 billion in international assistance have entered this country since April 1990, but when the time comes for us to ask the government to account for this money when it leaves power, it will have to tell us which ministers enriched themselves with such a huge sum of money," he said.

"There is no reason for so much poverty and unemployment in this country, given all the international aid and natural wealth Nicaragua has," the former official of Chamorro's government said.

"This country, after seven years and after receiving billions of dollars in international aid, is worse off than it was in 1990, when Chamorro took office," he concluded.

Panama

Panama: Editorial Criticizes U.S. Certification Process

PA0503182596 Panama City LA PRENSA in Spanish
2 Mar 96 p 1A

[From the "As of Today" column]

[FBIS Translated Text] The certification process has become one of the worst international policy strategies. Due to national security and economic considerations, the United States certifies countries such as Mexico and China because it would greatly hurt susceptibilities not to do so. Countries such as Iran and Afghanistan have so little contact with the United States that their decertification really has very little value.

This instrument, however, has greater significance with small and vulnerable countries. Colombia, being the most noteworthy example, presents a typical case. Here is a country where more than 6,000 of its citizens have been killed in the strife against drug trafficking but that, at the same time, has a political system very saturated with income coming from this source. This is a fact U.S. administrations have known for years and it is not until now that the matter is being viewed as a situation that merits foreign policy measures.

Reviewing Panama's case we can see a similar example. For decades, the CIA and similar organizations knew that the military government was participating in this

abominable business. However, the United States never refused to certify Torrijos or Noriega.

Alleged foreign policy principles can justify any abuse but they do not answer the fundamental question on this process: Who certifies the certifier? Until the United States cleans up its criminal policy and foreign relations, certifications have very little value except to take advantage of a weakened opponent.

Panama: Official Views Possibility of Samper Asylum

PA2402033096 Panama City ACAN in Spanish
2343 GMT 23 Feb 96

[FBIS Translated Text] Panama City, 22 Feb (ACAN-EFE) — Today, Omar Jaen Suarez, Panamanian deputy foreign minister, said that the possibility Colombian President Ernesto Samper may want to seek asylum in Panama has not been considered. However, he stated that the Colombian president is the head of state of a friendly country.

"We don't even consider the possibility that the president of a friendly country may want to seek asylum here" in Panama, Jaen Suarez remarked when questioned by reporters on this affair.

He added that "for us (Samper) is the president of Colombia and deserves all the respect as president of a friendly country."

"We profoundly respect all presidents of friendly countries (of Panama), and of course Samper is the head of state of a friendly country," and Jaen Suarez explained that "we cannot speculate about his intentions."

President Samper is confronting one of the most serious political crisis of his country, after his former Defense Minister Fernando Botero reported the contribution of drug trafficking moneys to his electoral campaign.

Panama has a tradition of granting asylum and in 1956 asylum was offered to Argentine General Juan Domingo Peron (1895-1974), who was overthrown from the presidency of his country by a coup d'etat in 1955.

Currently, dismissed Guatemalan President Jorge Serrano Elias and Haitian General Raoul Cedras, the strongman who forced President Aristide to live in exile during three years in the United States until his return to Haiti in October of 1994, are living in Panama after being granted asylum.

Costa Rica also commented on the possibility of offering asylum to Samper, who ruled out he is going to resign his post as president of Colombia.

Costa Rican Foreign Minister Fernando Naranjo yesterday affirmed that Samper may receive asylum in Costa Rica if he so requests.

Last year, former Ecuadoran Vice President Alberto Dahik, who fled his country after the Supreme Court charged him with misuse of Presidency reserve funds, requested political asylum in Costa Rica, a request which has not yet been answered by the Costa Rican Government.

Panama: President To Attend Andean Pact Summit in Peru

PA2502093596 Panama City EL UNIVERSAL DE PANAMA in Spanish 24 Feb 96 p A3

[FBIS Translated Text] Panamanian President Ernesto Perez Balladares will travel to Trujillo, Peru, in March to participate — together with five other Latin American presidents — in the Andean Pact presidential summit. This was confirmed by Deputy Foreign Minister Omar Jaen Suarez yesterday. He also reported that the Panamanian president's trip will take place after Peruvian President Alberto Fujimori pays an official visit to our country on 5 and 6 March.

In statements to the press, the Panamanian deputy minister explained that President Perez Balladares' attendance at the summit, which is to be held between 8 and 10 March, is important to strengthen our diplomatic relations with the rest of the countries in this regional organization, which Panama entered as an observer last year.

"We are gaining experience and studying how the Andean Pact works. This organization is currently in a very important reorganization phase, and we are examining how it is readying to face the future and the steps it will take at a later stage," the Panamanian diplomat asserted when he emphasized Panama's participation in this group, which it expects to fully join in the future. The members of the Andean Pact are Bolivia, Colombia, Peru, Ecuador, and Venezuela.

Jaen Suarez referred to Peruvian President Alberto Fujimori's official visit to Panama and said one of the points in his confirmed official agenda is that he will attend the inauguration of Expocomer '96, which will be held from 6 to 11 March.

Panama: Interview With Canal Administrator-Designate

PA2502102396 Panama City LA PRENSA in Spanish 22 Feb 96 p 4

[Report on interview with Alberto Aleman Zubieta, Panama Canal Commission administrator-designate, by

Nubia Aparicio S.; place and date not given — all quotation marks as published]

[FBIS Translated Text] [Aparicio] What will you do as administrator from the moment you take over until the time when the transition takes place?

[Aleman] I believe the most important task of the administrator is to oversee the successful transfer of the Canal to Panama during the next three years. Time is short and an enormous task still remains to be carried out, which Engineer Gilberto Guardia has been overseeing and which we must continue to oversee.

"The transition is one of the most important tasks, and this involves, above all, the building of a high degree of confidence, because every change causes concern; there are people who reject change and that is human, it is normal."

Aleman reaffirmed that we need to build confidence and leadership in the transition... "I believe that the Canal is a very well-organized entity, which will make our work easier; the administrator will not change things by himself, but will integrate everything into a system that will run efficiently.

[Aparicio] What must the role of the administrator be once the waterway is in Panamanian hands?

[Aleman] The role of the administrator must continue to be the same as it is today. There must be no change in this; the Canal administrator must continue to administer the waterway the same way as it has been done in the past. The waterway has demonstrated it is efficient, safe, and it must continue to be like this, because the big Canal users include shipping companies from every country in the world.

"The Canal is a service, and for this service to continue, the Canal has to be run in an efficient manner. The duty of the administrator is to maintain the Canal the way it has been maintained so far."

When LA PRENSA asked him how this will be done, Aleman indicated that it is very important to legislate in order to guarantee a smooth transition that nobody will notice. "On 1 January 2000, nobody should notice that a change has taken place. The Canal will not stop operating at midnight when it is turned over to Panama. On the contrary, ships will continue to operate and transit the Canal normally. This is what must be done."

He added that the Panamanians have the great mission to prove themselves and instill confidence in its users. This will have to be reflected in the legal regulations that must be adopted promptly to guarantee to the entire world that there will be a transition without changes.

The administrator-designate remarked that the Canal workers play a key part; they must feel they have a Canal that will continue to be run in efficiently and professionally, because we owe that to the world.

[Aparicio] Are you confident Panamanians will be able to operate the Canal efficiently?

[Aleman] I believe we have the ability to run the Canal; otherwise, I would not have accepted this nomination. The Canal has a very skilled and well-trained staff, most of whom are Panamanians.

"I am absolutely confident we will do it right, because the Canal is currently run by Panamanians.

"During the last six years, the waterway has been in the hands of an excellent, highly qualified professional and all this time things have worked very well; there is nothing for us to complain with regard to previous administrations.

[Aparicio] Do you believe the Canal must remain as it is, with the same authority over everything related to its operation?

[Aleman] I believe so. The Canal requires independence for its operation. You cannot put it in the hands of third parties, regardless of who they are. The Canal has to control all the elements required for its operation; this is what makes it efficient, and there is no need to change this system.

[Aparicio] How do you view the Canal Authority, the organization that will replace the Canal Commission?

[Aleman] I view it as the coalescing of the current Canal structures with Panamanian law. Recently the Panama Canal Commission's [previous three words in English] name has been changed to Canal Authority, the structure that, according to the transfer process, must be established. The Canal must continue to operate as it does now.

Asked about the degree of autonomy the executive must grant to the Canal Authority, the administrator-designate said the waterway must be an autonomous organization in all issues pertaining to its operation and management.

Aleman is of the opinion that the Canal "cannot be totally separated from the executive," but said that it is vital for "its decisionmaking, operation, and management to be independent, because the waterway offers a service to the world and, thus, has to operate in an independent manner."

"I believe the Canal has to be apolitical...this is very important," the engineer stated. He added that the Canal employs the best soil engineers in the world. The Canal's Soil Division chiefs are Panamanian profession-

als with a high degree of expertise." According to Aleman, the Canal is "very sensitive" to soil study-related work and that is why it has a committee to examine the development of land movement. "This is professionalism. We cannot have someone come in suddenly and say 'I want this position for such and such'...this cannot happen....The day this happens, morale will be broken and it will be the end of everything."

He explained that there are positions in the Canal that require qualified people. The Canal invests a great deal of money in training. The pilots, for example, go through years of training, because they have the responsibility of the Canal in their hands. The moment a ship comes into Canal waters, the captain of the ship surrenders the command of his vessel to a Panama Canal pilot. Those ships are worth hundreds of millions of dollars. Thus, this responsibility cannot be given to anyone.

When he was asked what the most important thing is that Panamanians can do to prepare for the transfer of the Canal, Aleman said it is necessary to create a number of laws to ensure that the Canal will be an efficient, apolitical, professional enterprise and that it continue to have self-management. He added that it is vital for this to be understood.

"For the Panamanians, the Canal is a comprehensive and basic part of their history, and I am sure we will be able to manage it efficiently after the year 2000."

Aleman said the best law in the world can be drafted "but the attitude is more important than the law; the attitude that all Panamanians must have regarding this Canal...the attitude of commitment, that is what is decisive."

He warned that there are alternatives for users if the Canal is mismanaged... we do not have the exclusivity, and the Canal will only continue to be used if it operates efficiently and offers security.

"There is a saying that goes: 'an stationary ship does not earn fares', and this is something that we will not allow while we are in charge of the administration of the Canal," the engineer concluded.

Panama: Balladares on Destruction of Firearms, Security

PA0503201996 Panama City LA PRENSA in Spanish
3 Mar 96 p 2

[Report by Vilma E. Figueroa B.]

[FBIS Translated Text] Panamanian President Ernesto Perez Balladares said that the destruction of 3,656

firearms is an example of peace and shows the government's will to restore citizen security and ensure lasting social peace.

A large quantity of weapons, which included revolvers, pistols, rifles, and shotguns of various calibers, were destroyed on the patio of the National Police headquarters, located in Ancon, at approximately 1000 Saturday.

The president said that the fight against crime, the strengthening of civilian society, and the use of peaceful methods to resolve crucial problems, are the basic elements of the current government's policy.

He added that during the 18 months of his administration, they have worked hard to further this end, understanding that crime is one indication of the violence registered in the national community.

Perez Balladares said that beyond criticism and demagoguery, example is what decides and gives authority. Thus, his government promulgated Law No. 53 on 12 December 1995. This law strongly punishes the unjustified possession of weapons.

The president also emphasized that violent crime has killed 34 policemen this past year and that is why all good citizens who have not yet done must stand in defense of peace.

Panama: Minister Comments on Transshipment of Weapons

PA0503212596 Panama City LA ESTRELLA DE PANAMA in Spanish 4 Mar 96 p 32

[Report by Cristobal A. Chen]

[FBIS Translated Text] Government and Justice Minister Raul Montenegro has announced that the transshipment of weapons of war from Panama to South American countries "has been controlled." He also has called for a program for the "mass" destruction of weapons to be implemented at a national level.

During a meeting with the press, the minister has spotlighted the benefits of the new law granting a six-month period to return illegal weapons to authorities. In addition, this law grants all individuals who have an unregistered weapon or one that has an expired permit to legalize the weapon without any additional cost.

On another issue, Montenegro has said most crimes that have occurred in the country since February 1995 "have been clarified."

"We need for the courts to sentence those individuals who have been under arrest for six months so the system can be expedited," the minister has said.

Panama: ABP Signs Accord With International Banking Group

PA0303173596 Panama City EL PANAMA AMERICA in Spanish 25 Feb 96 p D1

[Report by Jose Hilario Gomez from the "Finances" section]

[FBIS Translated Text] The Panamanian Banking Association (ABP) and Florida International Bankers Association (FIBA) signed an understanding and mutual cooperation agreement recently.

The objective of the agreement is to "establish close working relations to promote the interests of their respective associations and members."

ABP President Julio Antelo has told EL PANAMA AMERICA that both guilds will exchange information regarding issues of mutual interest such as legislative matters pertaining to the banking industry in both countries.

Furthermore, the associations will share their experiences so as to avoid the unlawful use of banking services, with an emphasis on fraudulent activities.

Another important aspect of the agreement is the training of personnel that will allow correspondents offices to work more effectively with personnel from associate institutions, Antelo has said.

One of the banking crimes negatively affecting business on an international level is fraud, and Florida as well as Panama do not escape such illegalities. "Government checks have been forged in our area just as in Florida," the ABP president has said.

The crimes that garner more victims are electronic frauds in financial systems. Such crimes are the product of advanced technology that, nevertheless, has also allowed banks to make noteworthy advancements in their services.

Antelo has stressed that the experience of Florida bankers as well as the ones in the Panama Banking Center will allow for an excellent exchange of information to counter frauds in their services.

The Bolivian banker has told "Finances" that an international seminar on fraud, with bankers from Florida and such neighboring countries as Costa Rica and Colombia, has been slated for the near future.

Another relevant aspect of the agreement between the FIBA and the ABP consists of exchanging information on regulation and self-regulation. Even though the governments are responsible for regulating the banking sector, "self-regulations within the banking centers and,

particularly, the Panamanian banking center are gaining greater interest," Antelo has said.

The ABP has several interbanking agreements designed to preclude the improper use of its operations, reached without the intervention of the authorities. In this case, the National Banking Commission is responsible for regulating the activity.

The agreement of understanding and mutual cooperation will also promote and uphold projects of common interest, particularly those pertaining to training in banking and finances.

Eighty international bankers from the world's leading banks based in Florida constitute FIBA, while the ABP is composed of 78 Panamanian and foreign banks.

"FIBA's representation in the international community is very significant, because the banking center in Miami, similarly to the one in Panama, includes many banks of worldwide renown," Antelo has said.

The ABP president has said he is holding talks with the Costa Rican and Colombian banking unions led by Cesar Gonzalez and Marco Alfaro, respectively, with a view to reaching agreements of understanding and mutual cooperation.

Finally, the banker has said one of the ABP's priorities is to demonstrate to the world the true image of the Panamanian banking center, which comprises more than 100 banks.

"We have been gradually recovering the public's trust since 1990," after the 1989 crisis, he has said.

In addition, he has emphasized the importance of the program of opening the Panamanian Government is promoting and the modernization of the banking system so as to enable the world's leading banks to set up operations in the country.

Argentina

Argentina: Menem Affirms 'Condemnation' of UK Fees

PY0503145896 Buenos Aires TELAM in Spanish
1326 GMT 5 Mar 96

[FBIS Translated Excerpt] Buenos Aires, 5 Mar (TELAM) — President Carlos Menem confirmed today Argentina's condemnation of the collection of fees for fishing in South Georgia Island waters. The head of state said that his administration will register another protest against the United Kingdom before international fora.

Menem said: "It goes without saying that we do not share Britain's position. We are lodging all the pertinent complaints through the appropriate channels pursuant to (international) law and the agreements we have signed."

Conversing with Radio America and Radio La Red, the chief executive asserted that "we will continue lodging complaints" before international fora, adding that "there is no possibility whatsoever of resorting to the use of force."

Menem further stated that "these complaints may rebound to our advantage," adding that "we have not let up on the subject of the Malvinas Islands, nor are we going to let up now."

The president underscored: "Just as we laid claim to full sovereignty over the Malvinas Islands, we are also going to protest against the United Kingdom for this flagrant violation of international law."

The head of state recalled that "we were negotiating" with Britain an accord on fishing in the South Atlantic and "thought we were about to reach agreement when this issue of the fees cropped up. This is not something that came as a complete surprise to us; on the contrary. Britain had already given some hints that this would occur."

This notwithstanding, Menem stated that relations with Britain "continue to be friendly because that is the only way open to us to achieve our goal; namely, to regain sovereignty over the Malvinas Islands." [passage omitted]

Argentina: Minister Says Menem Visit to UK in Doubt

PY0503221396 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 1825 GMT 5 Mar 96

[FBIS Translated Text] Buenos Aires, 5 Mar (NA) — The government believes "the conditions are not ripe" currently for Argentine President Carlos Menem to visit

London. The government urged Argentine ships "not to pay" fishing fees to the UK.

This was pointed out today by Foreign Minister Guido Di Tella, following a formal protest lodged by the Argentine Government as a result of a British decision of charging more than \$100,000 in fees to an Argentine ship that was fishing near the South Georgia islands.

The foreign minister's remarks on the attitude to be taken by ships flying the Argentine flag that are confronted by British ships could cause incidents with London and aggravate the fishing problem, following the unyielding attitude taken by the government of Prime Minister John Major on this issue.

Di Tella noted that "this is the fourth protest" lodged by the Argentine Government that "has been observing this British advance since 1993." He added: "The accumulation of complaints indicate the level of rejection of this measure, which is unnecessary, unilateral, and really aggravates the situation."

Nevertheless, the foreign minister explained that the incident over the fishing of black hake — one of the most coveted fish species — "does not mean that the relations have been severed, by a long shot, but means that there is a serious disagreement on a specific issue, as this one."

Di Tella also challenged Senator Eduardo Menem, who described the British Government as a "usurping force." Di Tella noted: "Every person reacts as he or she sees fit, but it does not help our relations with the UK."

Before entering the Sheraton Hotel, where he participated in roundtable organized by the magazine THE ECONOMIST, Di Tella indicated: "I believe it is important to be restrained and very prudent in what we are saying, but very emphatic as well."

Asked if this episode had jeopardized President Menem's possible visit to London, the foreign minister noted: "At a given moment, we thanked Prime Minister John Major for his invitation, but we told him that a date should not be set before concluding the agreements on oil and fishing."

In this regard, Di Tella said: "As long as these issues remain unresolved, with circumstances as the current ones arising, the conditions are not ripe for the president to make this visit."

Di Tella also emphasized that "the Georgia islands issue is actually "one of the points that has prevented, thus far, the achievement of a fishing agreement.

Di Tella explained that, "before this incident," Argentina wanted "to achieve a basic scientific cooperation agree-

ment, a significant point as far as conservation is concerned."

The foreign minister, in conclusion, said he would be "delighted" to go to Congress if the opposition congressmen ask for his interpellation, adding: "In their opinion, the government never does anything right."

Argentina: Di Tella Views Current 'Tension' With UK

PY0503142396 Buenos Aires CLARIN in Spanish
3 Mar 96 pp 2, 3

["Exclusive" interview with Foreign Minister Guido Di Tella by Tabare Areas and Oscar Raul Cardoso on 2 February; place not given]

[FBIS Translated Text] [CLARIN] Is there a situation of concern affecting our relations with Great Britain?

[Di Tella] Yes. The British have assumed unacceptable positions during the negotiations for a fishing agreement. We are in the fishing season and there are chances for tense situations in the South Atlantic.

[CLARIN] Government sources have said that your future is tied to your success in organizing a trip for President Carlos Menem to London.

[Di Tella] That is not true. We are handling the issue of the president's trip to London carefully because we do not want the president to sign an unwise fishing agreement just so that he can go to the United Kingdom. We will use all the necessary firmness when negotiating the fishing agreement. We will know where we stand once the negotiations are over. Then, it will only be a matter of setting a date.

[CLARIN] What you are saying is that Menem's trip to London is not viable in the present situation of tension and different positions. Is that so?

[Di Tella] Just imagine if Menem were to arrive in London today, with this situation in the Georgias. At issue is not the resolution of the issue of sovereignty. We know the issue of sovereignty will not be solved by the time the president travels to London. We can anticipate that. But the fishing problem is different.

[CLARIN] Why?

[Di Tella] Because the differences might provoke undesirable episodes, such as the incident provoked by the British warship that approached an Argentine ship. We are not going to sign an unwise agreement just to put the president in London. We do not want a trip unless conditions are appropriate.

Differences

[CLARIN] What is the core of our current differences in the area of fishing?

[Di Tella] The British maintain an all encompassing position [maximalista]. They want to define a great number of things in these negotiations. What they want is equivalent to recognizing them as a coastal nation. I think we can convince them that is impossible.

[CLARIN] Was the fishing agreement one of the reasons for your lightening trip to London to speak with your British counterpart, Michael Rifkind?

[Di Tella] Yes.

[CLARIN] What did Rifkind say?

[Di Tella] He confirmed the British position.

[CLARIN] It seems as if the government is progressing, without saying so, toward a change in the content of the "umbrella" formula on sovereignty.

[Di Tella] I disagree with that remark.

[CLARIN] Many decisions made lately, however, point in that direction: your policy of "seduction" of the islanders, the negotiations over fishing in an unfavorable context, and even the oil agreement that places us at the brink of recognizing the United Kingdom as a coastal nation.

[Di Tella] I gave an absolute no to any change in the umbrella concept, which I think remains unchanged. But if we really have any intention of recovering the islands, we must try to see reality as it is, not seek a fantasy. If we pretend that the islanders do not exist, we will never understand anything. The Malvinas conflict has turned the islanders into a central factor in any British decision, like it or not.

[CLARIN] From your description of the situation, it will be almost impossible for Menem to fulfill his promise of recovering the islands before the year 2000.

[Di Tella] No one imagined two years ago that the white minority was going to leave power in South Africa. At that time we could have said the same thing about a Middle East peace process. No one would have believed in the collapse of the communist world only 10 years ago. No one can predict the great events in world history.

[CLARIN] Do you think the recovery of the Malvinas Islands can be inserted in the same logic of unpredictability?

[Di Tella] Yes, and I accept that it is risky to say so.

[CLARIN] Our foreign policy in the case of the Malvinas Islands, then, is based on the hope of a magic event.

[Di Tella] No. I do not take that type of event into account. What we can expect is a continuation of our policies for another 20 years.

[CLARIN] Did the government drop the idea of compensation for the islanders?

[Di Tella] No. Not at all. But first we, the Argentine people, must agree whether or not we want to spend nearly \$1.5 billion for that purpose. It is a lot of money.

[CLARIN] Do you think it is good or bad for the U.S. secretary of state to say here that (Domingo) Cavallo is a hero?

[Di Tella] It is a rather uncommon way to give Argentina's economic policies — and the minister — a very great support.

[CLARIN] Is it, perhaps, a recognition of the way Argentina's economic and foreign policies are aligned with U.S. interests, or of "carnal relations"?

[Di Tella] No. The United States recognizes that this change in Argentina was essential and that it seemed impossible to carry it out. But it was implemented. Argentina must have excellent relations with the first world power, which is also the main power in the hemisphere, the main creditor, the main investor, etc. We are not doing anything different from what Europe does, or what Felipe Gonzalez did. He began by recognizing NATO.

[CLARIN] Do you mean voting in international organizations according to what the United States says 70 percent of time without caring what the vote is about?

[Di Tella] That is not so. We vote in the same way 70 percent of the time, but we analyze the issues. We have changed our historic positions; that is true. Thanks to this change, we did not have to vote, for instance in Vienna, in favor of a proposal saying that human rights is not an important issue when incomes are low, which is the position of Third World countries — those from the so-called Group of 15. Argentina is behaving like a nation with the cultural values of a European country.

Argentina: Officials Oppose UK Fishing Fee
PY0503162796 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 2022 GMT 4 Mar 96

[FBIS Translated Text] Buenos Aires, 4 Mar (NA) — Modin [Movement for Independence and Dignity] Deputy Aldo Rico today emphasized that the contro-

versy prompted by the British attitude of requiring payment of a fee to authorize fishing around the Georgias Islands serves "to mask" our national government's "economy-minded" attitude toward the South Atlantic islands conflict.

Constitutional Nationalist Party (PNC) leader Alberto Asseff expressed himself in similar terms. In Asseff's opinion, the British attitude "escalates the conflict" regarding sovereignty over those islands "while Argentina naively bets on seducing the British with businesses."

In remarks to a radio station this morning, Rico noted that the controversy on the collection of fishing fees "masks things that are more important," alluding to the Foreign Ministry's stance on handling the claim regarding sovereignty over the Malvinas Islands and South Atlantic islands.

Rico charged: "The Argentine Government is taking an economy-minded attitude toward this problem, just considering the economic benefits that can be gained by collecting fishing fees or oil royalties."

In this regard, Rico emphasized that the government's policy involves "working under the assumption that the islands will never be Argentine."

Rico emphasized: "This seduction policy merely resembles the program implemented by the military government when, right in the middle of the [Malvinas] war, aircraft loaded with television sets arrived in the islands."

Rico noted: "The kelpers and the British will never cease in their goal of not allowing Argentine sovereignty over the islands. Either sovereignty is discussed or there is no discussion whatsoever."

For his part, Asseff criticized the measure taken by the British Georgias government and used arguments similar to those used by Rico to criticize the government's foreign policy.

In a press communique, Asseff emphasizes: "The presence of a British destroyer in the South Georgias confirms that the concessional policy pursued by the Foreign Ministry paves the way for an escalation of the conflict."

Agreeing with Rico, the PNC leader also accused the government of using economic interests in its policy for recovering the islands usurped by the British.

Asseff complained: "The British are not being seduced. They are being stimulated and they are achieving a double goal: good profits and enhanced presence in the South Atlantic."

In conclusion, Asseff noted: "It is necessary to tell the British that, if they want to be our friends, they have to prove this by negotiating the end of their colonialist redoubt in the Malvinas Islands, Georgias Islands, and South Sandwich Islands."

Argentina: Navy Head on UK 'Problem,' Defense of Interests

PY0503151496 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 1946 GMT 4 Mar 96

[FBIS Translated Text] Buenos Aires, 4 Mar (NA) — Admiral Enrique Molina Pico, the Navy chief of staff, today emphasized that the Navy is engaged in "defending national interests" in compliance with the national "government's policy."

Reviewing the problem with the United Kingdom over fishing in the South Atlantic islands, Molina Pico emphasized: "We are pursuing the policy established by the executive branch and, in this particular case, the defense of national interests, as usual, remains in force."

Molina Pico made these remarks at the end of a ceremony that he presided over at noon today to mark the 139th anniversary of Admiral Guillermo Brown's death. The ceremony was held at the "Casa Amarilla" premises in the Boca District of Buenos Aires.

Asked about the Foreign Ministry's actions in the conflict with the United Kingdom over fishing around the Georgias Islands, Molina Pico emphasized that he was not the proper person "to assess this situation." He added that the executive branch is directly responsible for the Foreign Ministry's actions.

Lieutenant General Mario Candido Diaz, the joint chief of staff of the Armed Forces; Lieutenant General Martin Balza, the Army chief of staff; and Brigadier General Juan Paulik, the Air Force chief of staff, participated in the ceremony.

General Superintendent Adrian Pelacchi, the federal police chief; Commander General Timar Musumeci, the National Border Police chief; Military Affairs Secretary Jorge Baeza; and Planning Secretary Guillermo Etchechoury also participated in the ceremony.

Changing the subject, Molina Pico indicated that the situation involving Frigate Captain Alfredo Astiz "is a closed case." Concerning this case, he added: "Military deadlines and rules have been observed. The Navy, as other military institutions, operates based on current rules and laws."

Answering a question on claims raised by French human rights leaders, who are asking for dissemination of alleged lists of people abducted and killed during the

past military government, Molina Pico ultimately noted: "The Navy does not have any lists of missing people."

Argentina: UCR Head on UK, 'Sovereignty Umbrella'

PY0503161696 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 1403 GMT 5 Mar 96

[FBIS Translated Excerpt] Buenos Aires, 5 Mar (NA) — Radical Civic Union [UCR] President Rodolfo Terragno argued today that the Argentine Government "is quite naive" in its negotiations regarding an accord with Britain on fishing in the South Atlantic. He underscored that "discussions of sovereignty [over the Malvinas, South Georgia, and South Sandwich Islands] remain under an umbrella that has numerous leaks."

Terragno thus commented on the incident that took place in South Georgia Island waters when the island authorities obliged an Argentine fishing vessel to pay \$110,000 in fees for catching black hake in the island's waters.

The UCR president said: "In the eyes of the United Kingdom, there is no such thing as a sovereignty umbrella. I think that the UK actions are in accord with its ambitions, but it has gone too far now by trying to impose fees and militarize the area." [passage omitted]

Terragno reported that he had telephoned Foreign Minister Guido Di Tella yesterday to tell him that this incident "deserves a forceful condemnation by Argentina, not only before Great Britain but also before the Camelar [Antarctic Living Marine Resources], the international organization that regulates fishing activities. [passage omitted]

Argentina: Menem Repudiates 'Savage' Attacks in Israel

PY0503185596 Buenos Aires TELAM in Spanish
1356 GMT 5 Mar 96

[FBIS Translated Text] Buenos Aires, 5 Mar (TELAM) — President Carlos Menem today emphatically decried the terrorist attack perpetrated in Tel Aviv, Israel, yesterday. He described as savage the perpetrators of this attack in which 13 people, at least, were killed.

Menem told Radio America and Radio La Red: "We fully decry these acts of terror that are at odds with the agreements achieved, after difficult negotiations, among Israel, Jordan, and the Palestinian Liberation Organization (PLO)."

The president noted: "Those nations do not deserve having such savages who relentlessly cause panic, terror, and killings in communities that want to live in peace after many years of disagreements."

The president emphasized: "This already is terrible. It affects us deeply. It affects our dearest sentiments." He noted that acts of terrorism "are proper of savages, not human beings."

The president was asked about the possibility of Argentina pursuing good offices in the Middle East conflicts. He responded: "It does not involve a mediation, but contributing with some Argentine overture."

The president added: "It mainly involves achieving, as soon as possible, an agreement on a way of counter- ing terrorism among Israel, the Palestinian Authority, Jordan, Syria, and all the countries in that region." He expressed his concern, "as peace has already been jeopardized" by the attacks perpetrated recently.

Menem was also asked about a report supplied by Jewish organizations on alleged ties between Ali Saghalian, the Iranian charge d'affaires-designate in Argentina, and terrorism.

Menem responded: "We will contact Israeli Embassy officials and then take the appropriate measures."

Menem pointed out: "I received this information last night. I will talk to Foreign Minister (Guido Di Tella) today and we shall see what attitudes we will take in this case."

Asked about the possibility of expelling the Iranian diplomat, if the reports are confirmed, Menem explained: "First, we must have the supporting information and confirm the accuracy of the report."

Menem added: "It is not possible to expel anyone lightly. It is necessary to wait for the appropriate investigations and then take the appropriate measures."

Argentina: 'Maneuvers' To Dislodge ICJ Candidate Noted

PY2902004896 Buenos Aires LA NACION in Spanish 25 Feb 96 p 7

[FBIS Translated Excerpt] An Incredible, But True, Story — Despicable maneuvers at the United Nations, which supposedly disapproves of any type of discrimination, have been staged to dislodge Julio Barberis, Argentina's candidate to fill the vacancy left by late Venezuelan Judge Andres Aguilar at the International Court of Justice [ICJ] because he is confined to a wheelchair. Other candidates, namely Venezuelan Judge Gonzalo Parra and Guatemalan Judge Francisco Villagran, also aspire to conclude Aguilar's term at the ICJ. A verbal campaign was launched. Comments were made in a low voice about the difficulties facing a judge in a wheelchair, as if an expert in international law can

increase his knowledge by participating in track races. [passage omitted]

Argentina sent a circular to each of the 183 UN member states in which it does not hide the fact that Barberis is a handicapped, but recalls that this has not prevented him from acting in international cases in Africa, Asia, and Laguna del Desierto [Argentina].

Argentina will retaliate against Brazil and Chile for not supporting Barberis' candidacy at the vote that will be held at the United Nations on 28 February even though Argentina requested their support. Argentina will now support the reelection of the Guyanese judge on the ICJ instead of voting for the Brazilian or Chilean candidates who aspire to obtain the Guyanese judge's seat.

Argentina: Opposition Parties Criticize Menem Speech

PY0603034396 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2049 GMT 1 Mar 96

[FBIS Translated Excerpt] Buenos Aires, 1 Mar (NA) — The message read by President Carlos Menem before a joint session of Congress today was criticized by opposition legislators with ironies and objections. Justicialist Party officials, meanwhile, praised the president's commitment to "social justice."

Radical Civic Union [UCR], Frepaso [Front for a Country in Solidarity], and provincial parties' legislators questioned the "poor" content of the presidential speech because the president "mentioned generalities without proposing concrete measures" to solve the country's problems.

"The people have been expecting a growth in social justice for the past six years. They will continue to patiently wait until the announcement becomes a reality," Radical Senator Fernando de la Rúa said.

Carlos "Chacho" Alvarez, leader of the Frepaso bloc in Chamber of Deputies, characterized the president's speech as "a Menemist Billiken [children's magazine]" and questioned the message's "very poor content, totally divorced from Argentina's reality."

Autonomist Party Senator Jose Romero Feris said that the message "lacked force, conviction, and did not have proposals," adding that "the president restricted his speech to mentioning some achievements of his administration and avoided making any self-criticism or mentioning the need for change." [passage omitted]

Frepaso Deputy Juan Pablo Cafiero said that Menem's speech "was very poor and did not rise to people's expectations. The people continue waiting for concrete

proposal on unemployment, social marginalization, and the hunger that afflicts very many homes."

UCR Deputy Jose Dumon said that "the speech lacked a future" because it contained "generalities, it did not propose concrete measures, and it forgot something: how to achieve the economic recovery needed to alleviate the situation of unemployment." [passage omitted]

Progressive Democrat Alberto Natale said that "it was a retrospective message that had nothing to do with the future, with repeated phrases and without concrete facts."

UCR Deputy Elisa Carca ironically said "I did not realize that we were among the five most advanced countries in the world," adding that the speech could be defined as "nice" and "in accordance with the hypocrisy that characterizes this government."

Socialist legislator Hector Polino defined the presidential message as "a joke for the Argentine people," ironically adding that he felt "quite moved to know that Argentina is at the threshold of becoming one of the five most advanced countries in the world."

Argentina: Menem Calls Catholic Critics 'Hypocrites'

PY0403010696 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 2157 GMT 3 Mar 96

[FBIS Translated Excerpt] Anillaco, La Rioja, 3 Mar (NA) — President Carlos Menem today described catholic clergymen who criticized his administration's socioeconomic policy as "fools, hypocrites" and accused Moron Bishop Justo of being "a radical and a supporter of former President Raul Alfonsin."

Menem said: "They (bishops Miguel Hesayne and Justo Laguna) have always been opposed what the people want. There have been times when they launched attacks every day. They have done absolutely nothing for the country."

In an attempt to disqualify Msgr. Laguna as a critic of his administration, Menem characterized him as "a radical, a supporter of Alfonsin. Laguna himself told me that. I am not just saying that here. He has told me that on several occasions."

Laguna had charged that the administration's economic plan "should meet the needs of those who are suffering the most instead of just emphasizing figures and the insensitive implementation of market laws."

Menem stated that Laguna "recently organized a march of the unemployed in Moron and that, on the next day, he went to Miami on a pleasure trip. These are things

that are somewhat becoming untenable. This is why I am speaking of hypocrisy."

Menem also responded to Miguel Hesayne, bishop emeritus of Viedma, who yesterday characterized the administration's economic policy as "inhuman and anti-Christian" and charged the administration with "wire-tapping" his telephone.

Menem contended that the courts ought to investigate "the wiretapping" of Hesayne's telephone and noted that "an investigation would be useful."

Menem asked, however, the following rhetorical question: "Who is going to wiretap Hesayne's telephone? For what? Or, is he just trying to make the headlines?"

After using harsh words to respond to the two clergymen, Menem decided to put an end to the controversy and stated that "one should not respond to the attacks of a fool." Paraphrasing an old Arab saying, he said: "If a dog starts to bark, are you going to start barking yourself too?" [passage omitted]

Menem made these remarks during a news conference in Anillaco, his home town, where he spent the weekend and from where he will leave tomorrow for Tartagal, Salta, to open the 1996 school year. [passage omitted]

Argentina: Minister Admits Army Concern Over Salaries

PY2402034196 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 0154 GMT 23 Feb 96

[FBIS Translated Text] Buenos Aires, 22 Feb (NA) — Defense Minister Oscar Camilion said tonight that the Armed Forces can be modernized without a budget increase. The minister recognized, however, that there is unrest among the ranks due to low salaries and the fact that officers and noncommissioned officers promoted last December have not been paid.

Camilion made these remarks at the end of a meeting with Cabinet Chief Eduardo Bauza; his assistants; and Army Chief of Staff Martin Balza; Navy Chief of Staff Enrique Molina Pico; Juan Paulik, Air Force chief of staff; and Joint Chief of Staff Mario Candido Diaz.

The Armed Forces reorganization, within the framework of the second state reform process currently being implemented by the government, and the budget situation were evaluated in the presence of Finance Secretary Ricardo Gutierrez, who was replacing Minister Domingo Cavallo, who travelled to France.

"We are not discussing an increase in defense spending. With the current budget situation it is not possible to grant an increase because it would have to be made at the expense of other areas," Camilion said.

The minister then added that we must have "a spending reorganization" because "the delay to incorporate new equipment will result in an obsolete Armed Forces."

In the area of salaries, particularly for the lack of payment of the differences derived from the promotion of officers and noncommissioned officers last December, the defense minister said that "we are faced with a legal problem derived from the nonpayment of the salary differences determined by law."

According to the minister, Bauza promised to look into the situation saying that "there is a possibility" to ask the court to define the matter, making clear that "we will have information on the increase next week."

Camilion recognized the salary issue is of concern to the ranks. The minister explained that he received complains on the issue during his latest tour of different units based in the Patagonian region.

Camilion concluded by saying that "the military leadership is convinced that we must continue making progress in the reorganization process," within the framework of the second state reform process.

Argentina: Industry Chairman Defends Patent Law
PY2702181696 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 1300 GMT 27 Feb 96

[FBIS Translated Text] Buenos Aires, 27 Feb (NA) — Humberto Roggero (PJ) [Justicialist Party], chairman of the Chamber of Deputies Industry Committee, said today "there is no chance whatsoever" of U.S. sanctions against Argentina over the Patent Law which was approved by Congress in 1995.

He said the approval last November "will not be modified one single bit," adding that the United States is "requesting changes beyond what is contemplated by GATT."

Roggero told an Argentine radio station from Washington that the North Americans want foreign laboratories to receive "royalties for their medicinal products immediately."

The period established by the Argentine Patent Law to begin paying royalties to foreign laboratories is five years from the date the law enters into effect.

The Argentine legislators proved yesterday — during the first day of their visit to Washington — that the Patent Law approved by Congress at the end of last year does not contradict GATT.

The Justicialist deputy said: "The law we approved establishes five years as the period and we want to maintain it."

Roggero said the Argentine delegation stressed to U.S. officials that the law on medicinal patents "strictly follows GATT because it is almost a copy of that agreement" on tariffs and duties.

The GATT agreement was ratified by the Argentine Congress in December 1994. On that occasion the U.S. Congress also ratified the measure.

The deputy said: "I am optimistic. Our task and our struggle are very difficult because they have more power. We are convinced we will maintain what we have approved in Congress. We are not going to hurt the country with a medicines prices increase."

Brazil

Brazil: Bank Scandal Charges Filed Against Cardoso

PY0503191996 Sao Paulo AGENCIA ESTADO
in Portuguese 2233 GMT 4 Mar 96

[Report by Vannildo Mendes]

[FBIS Translated Text] Brasilia, 4 Mar (AE) — Deputy Ivan Valente (PT-SP) [Workers Party-Sao Paulo] today filed a criminal charge before the Federal Supreme Court (STF) against President Fernando Henrique Cardoso for dereliction of duty, neglect, and criminal complaisance in the National Bank scandal. According to Valente, Cardoso learned of the Nacional Bank irregularities in October 1995, as revealed by Central Bank President Gustavo Loyola to the Rede Globo Television newscast "Jornal Nacional" on 1 March. On that occasion, the president did not adopt any measure.

Valente said that after learning of the Nacional Bank cosmetic balances, President Cardoso should have immediately punished the managers responsible for the fraud and adopted one of three solutions: The extrajudicial liquidation of the bank, intervention in the bank, or the implementation of a special administrative restructuring or incentive program. However, "instead of punishing those responsible, the government edited, at dawn on a holiday [1 March], the provisional measure of the Proer [Program To Encourage the Reorganization and Strengthening of the National Financial System] precisely to save criminal bank managers," Valente said.

According to the law in force, he added, when an authority learns of a criminal action and does not adopt measures, or is slow in adopting them, he is guilty of the crime of dereliction of duty and criminal complaisance. Valente asks the STF to request of TV Globo a copy of the interview with Loyola and to order a police investigation of the case. Before deciding whether to

accept the criminal charge, the STF will ask for the opinion of Attorney General Geraldo Brindeiro.

Deputy Milton Temer (PT-RJ) [Rio de Janeiro] today also asked the STF to add the name of the Central Bank president to the criminal charge he filed last week against Finance Minister Pedro Malan for the same charges of dereliction of duty and influence peddling in the Nacional Bank scandal. The eventual acceptance of the criminal charge by the STF could serve as a basis to open an impeachment process against President Cardoso and Minister Malan. For connected crimes, Temer also wants Loyola to be included in the criminal charge.

Brazil: President Sends Messages to Peres, 'Arafat
PY0503144996 Sao Paulo AGENCIA ESTADO
in Portuguese 2158 GMT 4 Mar 96

[FBIS Translated Text] Brasilia, 4 Mar (AE) — President Fernando Henrique Cardoso today sent messages of condolence to Israeli Prime Minister Shim'on Peres and to the president of the Palestinian Authority, Yasir 'Arafat, for the terrorist attacks that took place today. The message to Peres states: "With deep consternation concerning the new terrorist acts that took place in Jerusalem and Tel Aviv yesterday and today, which killed dozens of innocent people, I want to convey to the mourning families and to Your Excellency, in the name of the Brazilian Government and people, and on my own behalf, our brotherly feeling of solidarity with the Israeli people at this moment of anguish and pain. Please accept our most sincere condolences and the desire that the peace process, despite all the adversities, continue under your firm leadership."

In the message to 'Arafat, Cardoso states: "With deep consternation I have learned of the new terrorist actions that took place in Jerusalem and Tel Aviv yesterday and today, once more causing the death of innocent people, and suffering and mourning among many families. Whatever the motivation or origin of these terrorist acts, they deserve the most categorical repudiation and condemnation, as Your Excellency has expressed, and they demand immediate energetic preventive measures. It is necessary to prevent the repetition of such acts, so as to not undermine the historical regional peace process under way. At this moment of consternation, I want to reassert, in the name of the Brazilian people and government, and on my own behalf, the hope that the Palestinian Authority, under your leadership, will bravely continue to seek peace and understanding in the Middle East."

Brazil: Draft Bill on Money Laundering Detailed
PY0503180096 Rio de Janeiro O GLOBO
in Portuguese 24 Feb 96 p 21

[Article by Cristiane Jungblut and Jose Meirelles Passos]

[FBIS Translated Text] Brasilia and Washington — Before the end of March, the government will send to Congress a draft bill that classifies money laundering and illegal hiding of assets as a crime. The same draft bill will propose the establishment of a Coordinating Board for the Control of Financial Activities, which will probably be created within the framework of the Finance Ministry. This board will investigate the origin of suspicious money using information obtained from banks, the Federal Revenue Office, and the Federal Police.

Following the example of a law already in force in developed countries, this bill establishes severe sanctions for financial institutions involved in money laundering, which can even have their doors closed. Currently, the banks do not face criminal trials for negligence in administering money resulting from drug trafficking, weapons smuggling, kidnapping, or financial crimes.

In accordance with the bill, the banks that identify suspect financial operations will have to report them to the Central Bank. Otherwise, they can also be held responsible for the crime. Punishment of the financial institutions involved in money laundering ranges from payment of fines to suspension of their permission to operate.

In Washington, U.S. President Bill Clinton informed the U.S. Senate's Foreign Affairs Committee that, currently, 31 countries are producing illicit drugs, or being used as drug trafficking "exporting corridors." Brazil is one of the countries included on the list.

The list will be officially announced on 1 March, when the U.S. Government will release its yearly report on drug trafficking. Although the fact of being considered one of the aforementioned countries does not imply any retaliation, U.S. congressmen take these data into consideration at the time of making U.S. political and trade alliances. According to sources consulted by O GLOBO, Brazil has been included in the list because it has become a "huge money laundering laundromat."

The Brazilian Government believes that, due to economic stabilization, Brazil has become an attractive market for money laundering. The bill contemplates actions by the Justice and Finance Ministries, as well as by Planalto Palace.

"The bill, which transforms money laundering into a crime and establishes ways of fighting said crime, is a preventive measure. As a matter of fact, Brazil has no tradition in the money laundering area, but this could change as a result of economic stabilization. We want to transform money laundering into a specific type of crime because, currently, the drug trafficker who launders money is only charged for drug trafficking. Once the bill is approved, the drug trafficker will be charged with both crimes," a government adviser explained.

The title Council for the Control of Financial Activities is temporary, but it has been confirmed that the government has given up the idea of creating an agency to control information on suspicious operations, similar to the one that exists in the United States. According to government experts, the problem with regard to establishment of one such agency is rivalry reigning between the Federal Police and the Federal Revenue Office.

The bill defines the crime of money laundering and establishes different sanctions for those who generate dirty money, those who launder it, and those who receive it. In the case of the banks, the idea is to stimulate them to adopt more severe criteria for the opening of deposit accounts, thus reducing the criminals' possibilities of using figureheads, the so-called "oranges (laranjas)," to move illicit money. The institutions that cooperate with the administration will be benefited in case of later trials. The possibility of sanctioning banks by closing them, however, is still remote.

One of the administration's legal advisers said: "A bank would be closed only if it were proven that all of its operations involved money laundering activities."

Brazil: Article Views 'Ambitious' Speech by President

PY0603010196 Sao Paulo FOLHA DE SAO PAULO
in Portuguese 22 Feb 96 Section 1 p 2

[Editorial: "The Loneliness of Power"]

[FBIS Translated Text] The speech that President Fernando Henrique Cardoso delivered at the Mexican College, the text of which was published by FOLHA on 21 February, is perhaps the president's most comprehensive and ambitious speech since his inauguration. If a short time ago he believed that it was amusing to govern a country, his more recent words reveal another opinion. It is almost impossible to govern a country.

His speech reflected a settlement of accounts with Marxism, with the theory of dependence, and with the neoliberal agenda, which are — not just by chance — the three most outstanding paradigms in the career of sociologist Fernando Henrique Cardoso. Yet the

settlement of accounts was not made by the academician but by the man of action for whom only collective action is meaningful, by the politician who managed to reach his country's most powerful position.

After his advent to power, he — like many others before him have confirmed, and now perhaps with stronger reasons — he met with the loneliness of power, loneliness which, if not minimum, is certainly much less intense than imagined.

Against Marxism, which has always conceived of the world as a contradiction between capital and labor, Cardoso found another real fact: Organized workers become capitalist, owners of giant pension funds. Capital, in its atomized, speculative, and highly volatile form, has emerged as an "invisible tribunal" that passes judgment and that can sentence national governments astonishingly quickly, destroying their currency and stopping their economic development.

Against the theory of dependence, which in the final analysis was still trying to find a logical justification in the international role of the economies of peripheral countries, Cardoso now admits that not even dependence is guaranteed. He justifies this conclusion on the predatory, cynical, individualist, and nihilist nature of the elites whose ethical estrangement "undermines the very concept of national identity."

In the end, even dependence might be a form of development, with some reasonableness and with traces of order and progress. Yet irresponsible elites do not sell out everything; they are suicidal.

Finally, the president also rejected neoliberalism. First, because there still a long gap between liberalization claims, the major feature of liberalization, and unfair commercial practice. In his own words: "There is a clear contradiction between globalization claims and practical facts, in which limits are negotiated through diplomatic channels."

Cardoso admits that Marxism, the theory of peripheral development, which he studied in his youth, and neoliberalism — the feature of recent years — are all walking in the dark at a time of unpredictable events. No social class is the bearer of a message or strategy of liberation. The state can hardly escape the rulings of that invisible tribunal led by globalized financial markets.

It is the king himself admitting that all kings are naked. Neither the economy nor sociology; neither Marxism nor liberalism; neither the social democratic doctrine nor workers; neither the elite nor — for that matter — anyone, can be considered the builder of the future.

The Brazilian president ended his speech with an appeal. Partial utopias! The ethics of solidarity! Return to the essential values of humanism! Wise reason, tolerance, community spirit, responsibility!

Under the burden of real facts, however, the palace marble echoed his appeals in isolation, waiting for a more appropriate time and for a more appropriate society.

Brazil: Regulatory Laws Delay Easing of State Monopolies

PY0603002296 Sao Paulo GAZETA MERCANTIL
in Portuguese 22 Feb 96 pp A1, A6

[Report by Eliana Castanhede]

[FBIS Translated Text] On 12 February, the official gazette discreetly published a long report by Attorney Salete Pereira Marques of the National Department of Mineral Production (DNPM), which ends a controversy: The exploitation of underground mineral and water resources must be regulated through a supplementary or regular law only if they involve border areas or indigenous people's land.

The report was published exactly six months after the promulgation on 15 August 1995 of the constitutional amendment eliminating the concept of national enterprise and opening mining activities to foreign capital. This action shows the process of transformation of the easing of monopolies is actually moving at a much slower speed than domestic and foreign capital expected, and than the government would like.

Of the five constitutional amendments of the economic order easing state monopolies, four were promulgated on 15 August 1995: They are the ones dealing with the concept of national enterprise, telecommunications, domestic shipping, and channeled gas. Only one, dealing with petroleum, was delayed both at the Chamber of Deputies and at the Senate, and was promulgated on 19 November.

In addition to the amendment on the concept of national enterprise, which calls for restricted regulations, three others need supplementary and regular regulatory laws, two of them being precisely the most difficult and most important amendments from an economic viewpoint: The ones dealing with telecommunications and petroleum. The third deals with domestic shipping.

As for telecommunications, the Communications Ministry has already drawn up a detailed bill that is being analyzed by Congress. Deputy Luis Eduardo Magalhaes (PFL-BA) [Liberal Front Party-Bahia], president of the Chamber of Deputies, has promised Minister Ser-

gio Motta to have the amendment voted on in March. Motta is in a hurry. He hopes to publish international calls for offers for satellites, cellular phones, and data transmission services in May. This depends on the regulations.

The petroleum amendment is still in the hands of the executive branch. It is ready and it has been announced since last month, but the government is waiting for a more appropriate time to submit it to Congress, where allied blocs have been fighting for months over the social security reform, unable to set in motion the public administration amendment. The focal point in the regulations for the petroleum amendment deals with maintaining Petrobras [Brazilian Petroleum Corporation] as the system's central organ. Incidentally, this is a promise President Cardoso made in writing to the Senate.

In the case of domestic shipping, all efforts were made to preserve the key word in the economic order reform — flexibility — rather than a pure and simple opening. Foreign ships are automatically authorized to operate in the tourist sector, that is, to transport passengers on domestic routes. Yet regulations will be strict in case of cargo transportation, either along the sea coast or along river routes.

Six months after the approval of most amendments for easing the monopolies, the government has not managed to get Congress to approve even a single regulatory bill. It is a race against the clock. The closer the municipal elections, the heavier the doubts that burden the government bloc in Congress.

The two main parties supporting the government, the PSDB [Brazilian Social Democracy Party] and the PFL, may support contending candidates in many important states. Following the reorganization of alliances after the municipal elections in October, President Fernando Henrique Cardoso may not have the same congressional bloc he had in the first year of his government term.

Furthermore, the opposition remains opposed to all reforms. It will now try to obtain all that it did not obtain in the voting on the constitutional reforms, in which the support of three fifths of votes is necessary. An absolute majority (50 percent plus one of the 513 deputies and 81 senators, in separate voting), is necessary for approving supplemental laws. Regular laws require a simple majority (50 percent plus one of the lawmakers attending the session, with at least 257 deputies and 41 senators at the start of the sessions). Therefore, the opposition now has more chances of harming the amendments dealing with flexibility.

Brazil: Nation Studying Argentine Defense Ministry Model

PY0503205496 Rio de Janeiro JORNAL DO BRASIL
in Portuguese 27 Feb 96 p 3

[Article by Leandro Forte;]

[FBIS Translated Text] Brasilia — Argentine Defense Minister Oscar Camilion and General Benedito Bezerra Leonel, Brazilian Armed Forces (EMFA) chief of staff, will discuss on 27 February the implementation of a Defense Ministry in Brazil — which is the only Latin American country that has military ministries.

One of the three Defense Ministry basic models being studied by the EMFA is the Argentine model: In which the Army, Navy, and Aeronautics are run as secretariats directly subordinated to the defense minister who will be advised by a joint staff.

Camilion held preliminary conversations on 26 February with Army Minister General Zenildo de Lucena and Navy Minister Admiral Mauro Cesar Pereira. He also met with Strategic Affairs Secretary Ronaldo Sardenberg. As for the rumors that Brazil and Argentina are planning to sign a nuclear agreement, Sardenberg said bilateral conversations can only be held through the Brazilian-Argentine Agency for Accounting and Control of Nuclear Materials (ABAC).

Brazil: Report Notes Restrictions on Foreign Capital

PY0503205596 Sao Paulo GAZETA MERCANTIL
in Portuguese 27 Feb 96 p 1

[Report by Isabel Versiani]

[FBIS Translated Text] Deputy Arolde de Oliveira (PFL-RJ) [Liberal Front Party-Rio de Janeiro], rapporteur of the bill regulating the privatization of satellite and cellular phone services, will remove from the government's proposal restrictions on foreign capital in the sector. He said restricting the participation of foreign capital to 49 percent of an enterprise's voting shares goes against the PFL "program."

This measure may be controversial. Communication Ministry sources said that Minister Sergio Motta may insist on the approval of the original proposal. He was reportedly irritated by the position of the PFL, which may be behind the delay in the approval of the bill. Motta advocates the restriction on the grounds that Brazil needs a trump card to negotiate a reciprocity agreement with the International Telecommunications Union.

Brazil: BNDES To Finance Enterprises' Expansion Abroad

PY0503205796 Sao Paulo GAZETA MERCANTIL
in Portuguese 27 Feb 96 p A4

[Report by Livia Ferrari]

[FBIS Translated Excerpt] The National Bank for Social and Economic Development (BNDES) will finance fixed investments for the installation of Brazilian enterprises abroad. The new program, which will analyze investments on a case-by-case basis, will benefit industrial sectors that evidently need to install productive units abroad as an essential precondition for increasing their competitiveness at a local and at an international level. The auto-parts sector is the first to be considered, because according to the analyses made by the bank, it is one of the sectors that clearly meets the above requirement.

The proposal was announced by BNDES Planning Director Sergio Besserman after a meeting with Industry Minister Dorothea Werneck on 26 February at the bank's headquarters in Rio de Janeiro. The proposal is part of a series of measures that will be jointly adopted by the BNDES and the Industry Ministry, which will seek to promote the industrial reorganization of sectors considered more vulnerable to international competition and that are major sources of jobs. [passage omitted]

Brazil: Nuclear Power Plant Construction To Resume

PY0503205196 Rio de Janeiro JORNAL DO BRASIL
in Portuguese 28 Feb 96 p 15

[FBIS Translated Text] The debt problem of the Andrade Gutierrez construction company with Eletronorte [Northern Brazilian Electric Power Plants, Inc.] prevented it from finishing the construction of the Angra 2 nuclear plant. This has now been resolved and Furnas Electric Power Plants, Inc. considers the bidding process to finish the plant is complete. The plant will begin operating in June 1999. Angra 2, which by 1994 had consumed \$3.624 billion including \$2.193 billion in financial costs, needs \$1.221 billion to complete the construction.

Once finished, ten years after its original timetable, Angra 2 will have cost more than \$7 billion — more than double the estimate when the Brazil-Germany agreement was signed. That agreement foresaw the construction of six nuclear plants.

The civilian construction project will be continued by the Norberto Odebrecht company, while the electro-mechanical part has been divided into three parts. Andrade Gutierrez/Camargo Correa/Ultratec won part

of the conventional-mechanic project with a proposal worth 69,563,821.20 reais [R]. The nuclear-mechanical part will be completed by the Tenenge/EBE/Sade-Vigesa consortium; this part of the contract is worth R71,050,414.98. The electrical instruments and controls will be installed by Techint Engineering under a contract worth R56,227,156.87.

Brazil: Article Views Telecommunications Proposal
PY0503221796 Rio de Janeiro O GLOBO
in Portuguese 1 Mar 96 p 24

[Article by correspondent Deborah Berlinck]

[FBIS Translated Text] Geneva — Brazil has presented to the WTO a proposal under which it promises to open a good portion of its telecommunications market to national and foreign private companies, especially in the field of cellular telephone and satellites. The important issue is that if this proposal is confirmed before 30 April — when 48 countries will close an agreement within the WTO to free telecommunications — Brazil will have assumed the legal commitment of maintaining its market open. If subsequently the government decides to again close its market, any WTO member could demand trade compensations.

The international telecommunications market is estimated to be worth \$513 billion, and the WTO expects to close a great agreement to open the sector in many countries. Nearly 50 countries are participating in the negotiation; so far 23 of them have presented proposals. The United States promises to completely open its market as long as countries with large markets for U.S. companies, like Brazil, also open theirs.

One Brazilian negotiator said: "Our offer was well received by the Americans and especially by the Japanese."

The proposal is based on the new telecommunications laws which will be approved by Congress. Brazil promises to open its cellular phone market and satellite exploitation — currently monopolized by Embratel [Brazilian Telecommunications Company] to private national and foreign companies. Given that the government has still not decided how to open the public phone services by cable, telex, fax, etc., to the private sector, it is suggesting to the WTO to grant licenses in this field only to closed groups of clients. For example, a bank will be able to exploit its internal telecommunications system (like electronic mail) among its branches.

Brazil: Cardoso Views Financial, Banking Situation
PY0503154096 Rio de Janeiro JORNAL DO BRASIL
in Portuguese 3 Mar 96 pp 1, 3

[Report by Claudia Safatle and Rosangela Bittar]

[FBIS Translated Text] Brasilia — President Fernando Henrique Cardoso has decided that it is high time to reduce interest rates. In the opinion of the president, however, the policy of devaluation of the real is correct and will remain unchanged. The government will not modify the exchange rate, but it wants interest rates to drop faster. "I see no risk now. It is possible to implement a faster reduction, also considering that the inflation rate is dropping," the president said when referring to the Real Plan.

The president now has tranquillity to think about the future, because he believes the worst phase of the financial system crisis is over. Cardoso is convinced that to support his government he needs not only to maintain a stable currency. He is also aware that the battle against inflation is not the only one to be won.

Last week, when Cardoso once again began criticizing corporatism and opportunism, he focused on a crucial problem: "There is no crisis within the government. There is a deep, long standing state crisis," Cardoso said.

The president believes there are political difficulties that must be overcome. And the factor that has more strongly hindered this process is the fact that some sectors, which are incapable of modernizing themselves, do have power, and the president is aware of this. He even believes that the survival of economic stability was a miracle, taking into account his political support base.

The president is not uncomfortable with the disagreements within the economic team. On the contrary, they serve as a counterbalance for his decisions. Cardoso can coexist with dissenting opinions regarding interest rates and the exchange rate and their repercussions on economic growth. There is one thing, however, on which he will not yield: In no way will he jeopardize the stability of the inflation rate.

If there is an indication of one sector of the economic team with which Cardoso does not agree, it is that the growth of interest rates jeopardized the fiscal policy in 1995. His grounds are simple: Interest rates have for many years remained at high levels, and this did not produce any deficit in the past. On the contrary, with the exception of 1995, the government has obtained surpluses. By reducing the interest rate, the government

will resolve two problems: It will discourage the inflow of dollars and it will give some relief to enterprises.

As for the exchange rate policy, Planalto Palace and the Central Bank share the same line of defense. Exports are doing fine, while imports grew just because the government sponsored an economic opening, while no one has demanded a devaluation of the currency. According to the president, the most dangerous time for the real occurred in October, when it became clear that the Nacional Bank was broke. Brazil was not aware of it, but the Real Plan ran a serious risk in October. Five months ago, when the Nacional Bank bankruptcy was made public, the stabilization plan was on the brink of failure. Had there not been a rapid solution — like the incorporation of the Nacional Bank by Unibanco — the result would certainly have been generalized bankruptcy, because of the massive deposit withdrawals. The chain effect on other banks would have been devastating.

According to the evaluation that the president made now, the country ran a concrete risk of going through the same experience that occurred in Venezuela, where the banking system went into generalized bankruptcy. Had the same thing happened here, the inflation rate would have surely started to grow in October, causing a serious economic crisis whose final result would have been the end of stability.

At that time, the Economico Bank was already broke, the Banespa [Sao Paulo State Bank] case had been unresolved for almost one year, and the rumors about other strong institutions going bankrupt were spreading throughout society. In other words, all circumstances indicated that a hesitant position could spoil everything. According to President Cardoso's reasoning, the country managed to overcome the acute phase. For this reason, he believes that the worst is over. He has ruled out any possibility of risks for the economic plan.

In the president's opinion, the fact that Nacional Bank account owners have operated their accounts normally is a strong signal that the phase was overcome with no traumas. Other major banks have also faced difficulties. The Bamerindus, for example, had problems involving its asset balance, but it adopted a measure that the president believes to be the right one: It is selling the shares it owes in other enterprises, and it will get rid of Inpacel [Arapoti Paper and Pulp Industry] (a paper and cellulose manufacturer).

Even though the financial system structure was never crystal clear, its cleanness should be monitored by society. Cardoso advocates changes in the financial system by regulating Article 192 of the Constitution, crediting to his government the initiative of no longer protecting

the weaknesses and instances of fraud of banks under the bank secrecy umbrella. "We are not trying to conceal the sun behind a sieve," the president said, justifying his position — not a position of someone who is guilty of long-standing difficulties, but of someone who is responsible for healing and reorganizing the financial system.

The situation is the result of the policy of previous governments, which concealed the evidence of forged balances, which ignored fraud, and which arbitrarily ordered solutions that were never openly reported. Furthermore, the inflation rate covered everything. While still charged with the Finance portfolio, Cardoso recalls very well that he advised bankers: "With stabilization, those who do not adjust themselves will go broke." Today he admits that not even the official banks were ready to survive with a low inflation rate.

The president continues to give his unrestricted support to the finance minister and to the Central Bank directorate. He is not afraid of the results of the statements that Central Bank directors will make to Congress on 5 March. He believes there is just one path to be followed: "Tell the truth without fear or insecurity."

The president, who is absolutely calm about the unraveling of the crisis, does not feel that he has been personally affected by the fact that Ana Lucia — his daughter-in-law — is a member of the Magalhaes Pinto family, which owns the Nacional Bank. "Had I not done what I did, ordering the embargo on shareholders' assets — a measure I had to adopt — I would have been charged with concealing the fact."

Traditional politicians do not take the market into account. They believe that everything is a matter of political decisions. It is undeniable that there are difficulties when it comes to harmonizing the necessary technical action with political relations. The frictions produced by the Central Bank intervention into the Economico Bank, for example, have not yet been resolved, and they have put the government into an impasse that for the time being cannot be resolved.

Summarizing, Senator Antonio Carlos Magalhaes wants a political solution for Bahia, with the opening of the bank branches. The federal government, however, cannot do that unless someone takes charge of Economico Bank. Negotiations with Excel Bank are being hindered by demands that the Central Bank deems absurd.

Cardoso believes that this is an indicative situation, because it shows that Brazilian politicians do not take into account the market, and they believe that everything must be given a political solution.

The creation of trade unions and job stability have undermined the state. It is necessary to have the power to dismiss. Many crises that Cardoso had to face in the first period of his administration — of a little more than one year — emerged within the state apparatus. Planalto Palace has a clear diagnosis of the situation. Despite the widespread disorder and noncommitment to the government among public servants, there are areas in which the problem is more serious.

Examples: the Federal Police, which produced the phone bugging crisis; the federal revenue department, which forced the resignation of Secretary Milton Dallari; and the Central Bank, which one year ago, during the exchange rate modification, cast doubts over its then president, Persio Arida. This means that after a period of several years during which the machinery was protected by the government itself, it was decided that facts should be reported to the press, instead of reporting them to the authorities. "Everyone has become a sheriff on his own account," the president said when analyzing the subject. There is neither obedience nor loyalty.

All this has given the opposition a chance to use the administration's machinery for political purposes. The president believes that the solution does not depend on this minister or the other. He does not believe in isolated solutions. Only the reform of the state can provide the conditions for the government to regain control over the state apparatus.

The main instrument that the government needs for this endeavor is the end of job stability for public servants. "It is necessary to have the power to dismiss employees," the president reiterated.

Brazil: Cardoso Confirms Loyola in Central Bank
PY0603024596 *Brasilia Voz do Brasil in Portuguese*
2200 GMT 5 Mar 96

[Report by Niomar de Oliveira in Rio de Janeiro]

[FBIS Translated Text] President Fernando Henrique Cardoso defended in Rio de Janeiro today, the Central Bank acts regarding the Nacional Bank. According to President Cardoso, it is the Central Bank's duty to conduct investigations with seriousness, without precipitation and, if it is the case, to send the charges to the Republic's attorney general.

Although he admitted the National Congress' right to summon members of the administration in order to clarify issues whenever this proves necessary, President Cardoso asserted that the Central Bank is fulfilling its duties. According to the president, the Central Bank did not create any financial crisis, it has helped overcoming difficulties, and is not hiding anything, on the contrary.

President Cardoso believes that the administration must correct anything that may be proven wrong, and — in case there is anyone responsible for the wrongdoing — punish him or her.

[Begin Cardoso recording] Well, the administration is quite responsible and has to think about what is better for the country and for the people. It must think about the resources that belong to the people, which are deposited in the banks. These cannot disappear in the air. [end recording]

President Cardoso made these comments at the Galeao Air force base, a few minutes before boarding the presidential plane to return to Brasilia. After confirming Central Bank President Gustavo Loyola in his position, Cardoso said that he is not concerned about criminal charges that have been filed against him by the Workers Party as a result of the Nacional Bank problem.

The president asked: What does an opposition deputy do but create problems?

Brazil: Minister on Significance of Ties With Japan
PY0603003296 *Sao Paulo GAZETA MERCANTIL*
in Portuguese 1 Mar 96 Special Section p 1

[Commentary by Foreign Minister Luiz Felipe Lam-
preia: "Brazil Regains an Outstanding Place on Japan's
Agenda"]

[FBIS Translated Text] President Fernando Henrique Cardoso will make one of the most important international visits of his government term: The official visit to Japan. The visit, which will mark the crowning point of the commemoration of the centennial of bilateral relations, was preceded by Vice President Marco Maciel's visit to Japan and by a visit to Brazil by Princess Sayako, Emperor Akihito's younger daughter. Beyond that, the president's visit will consolidate a new stage of Japanese-Brazilian relations, noting that Japan's partnership is a top Brazilian foreign policy priority, and that Brazil has regained an outstanding place on Japan's agenda.

There are good reasons for this. Over the past few years, internal and external changes affecting the two countries have produced new areas for convergence and for shared interest, along with increased opportunities for exchange, cooperation, and business. In Brazil, the consolidation of stability with economic growth, and the favorable prospects for implementation of the Constitutional reform have reconquered the confidence of international economic agents, particularly of the Japanese, who are strongly interested in restarting their investments in Brazil. To properly ponder such interest, it is sufficient to recall the absolute success of the

issuance in July 1995 of Brazilian bonds in Japan. This was considered the best operation of its kind involving emerging markets in 1995.

While Brazilian economic stability has opened the possibility of a more intense participation in the international flow of trade, capital, and technology, Mercosur [Common Market of the South] — at a regional level — is being considered as a lever to help Brazil improve its position in the international economy. As the top Brazilian diplomatic priority, Mercosur — which adds magnitude to our identity — has emerged as a major player in dealings with other regions and countries like Japan, with its subregional market of 200 million consumers, and its enormous growth potential.

Japan, in turn, is trying to channel its economic success, which has become its trade mark in partnerships inside and outside the region. In Asia, which is — par excellence — Japan's area for external expansion, this country has intensified its presence, attaching priority to emerging economies, coming close to China, and playing a central role in forums like the Asia Pacific Economic Cooperation (APEC). Yet as a major world economic power, Japan has been naturally led to expand its action to areas outside the Asian context, and to countries with which to expand exchange.

Within this context, Brazil affords a unique partnership in the developing world outside the Asian region — and no longer within the previous strategy of raw material supplier and purchaser of capital goods, but as a market for productive investment. On the other hand, both Brazil and Japan today have more elbow room in the international arena, and are trying to raise the level of their engagement in world decisionmaking processes, in forums like the United Nations and the WTO. This has brought our two countries close to each other, giving to our bilateral relations additional factors of shared interest.

Those positive factors, which have laid the groundwork for a new relation, are coupled today with the presence in Japan of a numerous and active Brazilian colony — the second largest colony in Japan, of approximately 150,000 members — which is both a symbol and a significant fact. They are Brazilians who are today doing — to some extent and in a smaller proportion — what Japanese immigration did as the main channel for relations between the two countries over the past 100 years.

Brazil and Japan are therefore in a particularly promising phase of their bilateral relations, which after reaching a peak in the second half of the 1970's, with major projects, went through a time of less dynamic action. This happened especially because of the negative ef-

fects of inflation, of the Brazilian foreign debt, and of the reiterated closure of the Brazilian economy, a factor that until a short time ago was still predominant. The Brazilian image has changed: Today, now those problems have been overcome, Brazil is again awakening Japan's interest as a reliable partner with which it is possible to maintain productive relations, which must be preserved and promoted.

The objective of the visit by President Fernando Henrique Cardoso is clear: It places Japan on top of Brazilian priorities, like the most important relations we maintain with the developing world. In the final analysis, Japan has a major role to play in Brazilian development, especially through productive investment and the expansion of the existing infrastructure in the fields of energy, mining, petroleum, electricity, channeled gas, telecommunications, and transportation.

The president's visit to Japan, therefore, could not be more opportune. President Cardoso, as the spokesman — par excellence — of the new Brazil, will further enhance the credentials that Brazil has abroad through his personal credibility and the respect that he enjoys within the international community. Furthermore, presidential diplomacy is today an invaluable instrument for managing the foreign affairs of a country. It is therefore necessary to use it, and use it properly, especially now Brazil is modernizing and opening its doors to the world.

Brazil: Exchange of Nuclear Information With Argentina

PY0503221596 Rio de Janeiro JORNAL DO BRASIL in Portuguese 29 Feb 96 p 3

[Article by Leandro Fortes]

[FBIS Translated Text] Brasilia — Brazil and Argentina will intensify the exchange of nuclear experts this year and thus guarantee, in the short term, the technical leveling between the two countries in this field. This was the subject of the reserved lecture which Argentine Defense Minister Oscar Camilion gave on 27 February to the Brazilian Senate. Camilion began the mutual transfer of nuclear knowledge in 1980 when he was Argentine ambassador to Brazil.

Laercio Antonio Vinha, International Relations director of the National Nuclear Energy Commission (CNEN), said Brazil and Argentina have a very similar degree of development in the fields of nuclear research and applications, but there are some fields in which one country is more developed than the other: For example — Uranium enrichment. Although Brazil mastered it later than Argentina, Brazil developed it through more

modern techniques which is why it developed faster. Argentina in turn, is ahead in the production of zercaloy, a material used to isolate fuel elements for nuclear reactors.

Technical-scientific relations between Brazil and Argentina involve an exchange of personnel that in the past few years materialized through a program of training visits of 60 experts from both countries in an open exchange of knowledge and experiences. Since 1991 the Brazilian-Argentine Agency for Accounting and Control of Nuclear Materials (ABAC) has been used by the two governments to systematically and institutionally control each other.

Brazilian-Argentine cooperation includes the unification of the nuclear security and protection system, creating joint norms for the production and transportation of nuclear material. Vinha said: "With compatible systems, the exportation and importation of these materials between the two countries will be facilitated." Brazilian and Argentine experts also work together on researching applications of nuclear techniques for medicine, industry, agriculture, and environmental protection.

Brazil: Bank President Briefs Senate on Fraud

PY0603040196 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 5 Mar 96

[FBIS Translated Text] During a briefing to the Senate, Central Bank President Gustavo Loyola admitted there were mistakes in the work done to control the Nacional Bank. He has just said that President Fernando Henrique Cardoso did not know about the frauds in the bank. The session was tense, with senators attempting to attack each other.

Not even the protection of the government bloc could have freed Loyola from a dangerous enemy, his own shyness.

This time, however, Loyola overcame his shyness with discipline, always repeating the same points. First, the Central Bank is not involved.

[Begin Loyola recording] This government has made no pacts with bankers. Quite to the contrary. [end recording]

Second, the Central Bank did what it had to do when it learned about the frauds.

[Begin Loyola recording] It is not the Central Bank's duty to arrest bankers. The Central Bank has other functions. [end recording]

Third, Loyola said President Fernando Henrique Cardoso was not aware of the frauds.

[Begin Loyola recording] The president was not aware of the frauds, because — I reiterate — the Central Bank could learn about the fraud only when it put the Nacional Bank under a special temporary management regime. [end recording]

Loyola's speech was well-structured. Something quite different, however, happened with the Senate session.

Senator Ney Suassuna, the Senate commission president, wearing a cheerful tie, lost his cheerful disposition during the debate.

He suspended the session right at the time when Bahia Deputy Jose Carlos Aleluia was about to pose his questions. Bahia Senator Antonio Carlos Magalhaes did not like it. He began to fight. [video shows fisticuffs between Magalhaes and Suassuna]

[Begin Suassuna recording] I told him: I am not a compromising man. You must respect me. He replied: But you're cheating us. My patience was then exhausted, and I told him: You are the one who is cheating. He then tried to attack me. [end recording]

[Begin Magalhaes recording, in progress] ...partial and highly incompetent. [end recording]

The briefing continued in another room, where Loyola made the mea culpa that everyone wanted to hear.

[Begin Loyola recording] The Central Bank is not perfect. I will obviously not assume that position. I believe we made a mistake. [end recording]

Publicly admitting that the control measures failed was the formula that the Central Bank used to neutralize the charges that it might have been neglectful regarding the frauds. The strategy worked.

On the other hand, this was an appropriate remark for those who believe that the Central Bank is too powerful.

Yet the Central Bank strategy was exactly that: lose the rings, but keep the fingers.

[Begin Deputy Germano Rigotto recording, in progress] ...the need for more efficient instruments for controlling the financial system. [end recording]

In Rio de Janeiro, President Cardoso said that the fraud in the Nacional Bank balance sheet was discovered thanks to the Central Bank investigations, and that it was reported at the right time.

Cardoso added that reporting the fraud on an earlier date would have only served to benefit those who — in the words of the president — want to see the circus catching fire.

Brazil: Roundup of Economic Reports Through 1 Mar

PY0503222296

[FBIS Report] The following is a compilation of reports on economic activities in Brazil monitored through 1 March.

BASIC LEADING INDICATORS

Sao Paulo Industrial Production — The Sao Paulo State Federation of Industries, FIESP, reports that the Activity Level Index, INA shows industrial production in Sao Paulo grew by 4 percent in January compared to December, but it declined by 11.5 percent compared to January 1995. The report also notes that sales grew by 8.7 percent in January compared to December, but declined by 8.2 percent compared to January 1995. The January 1996 industrial production rate was 3.3 percent higher than that of the last quarter of 1995. FIESP reports that this increase can be attributed to the following factors: the clearance of stocks thanks to a rise in demand at the end of 1995; a reduction in the number of customers failing to pay their debt; and "the timid" reduction in interest rates. The report adds the number of people employed in Sao Paulo industry in January was 8 percent lower than that of January 1995. FIESP also notes that real average salaries remained virtually stable from December to January: an increase of only 0.4 percent. (Sao Paulo AGENCIA ESTADO in Portuguese 1755 GMT 28 Feb 96)

Crop Losses Higher Than Expected — Agriculture Minister Jose Eduardo Andrade Vieira yesterday released a report showing that crop losses will be higher than initially expected, which will have a major impact on the 1996 trade balance. Beside having to increase imports to meet domestic needs, the administration will also lose expected revenues. It will lose \$690 million as a result of the loss of 3 million tonnes of soybean. Andrade Vieira said soybean losses stand at 20 percent and corn losses at 40 percent in the South Region. He noted, however, that corn and rice stocks will suffice to meet domestic needs. An updated survey shows the 1995-96 harvest production will stand at 71.6 million tonnes compared to 81.1 million tonnes from the 1994/95 season. Soybean crops have suffered the heaviest losses: estimated production in 1996 is expected to reach 22.9 million tonnes, compared to 25.9 million tonnes in 1995. The minister attributed these losses to the drought that affected the South Region and to a reduction in the crop area due to restrictions on farming loans. (Rio de Janeiro JORNAL DO BRASIL in Portuguese 27 Feb 96 p 11)

Industrial Jobs Decline in 1995 — The Brazilian Institute of Geography and Statistics, IBGE, reported on 23

February that industrial jobs declined by 1.8 percent, but average wages increased by 8.8 percent over the inflation rate in 1995. These figures are in keeping with a trend that prevailed in the 1990's; This is the sixth consecutive year of decline in terms of number of jobs, which entails a 26 percent drop in the number of industrial jobs; and the fourth consecutive year of increase in industrial wages, the accrued increase now totaling 37 percent. Economist Silvio Sales, head of the IBGE Industrial Department, has said industrial jobs are becoming more scarce because of a restructuring of management processes and the use of new technology. He cited the administration policy of discouraging consumption between March and October 1995. (Rio de Janeiro O GLOBO in Portuguese 24 Feb 96 p 23)

FINANCIAL OPERATIONS

Advertisement Market Grows — The Brazilian advertisement market moved \$8.6 billion in 1995; that is 30 percent more than in 1994. Retailers accounted for 28 percent of the overall investments in advertisement. The Gessy Lever group have, for the fourth consecutive year, topped advertisement expenditure at \$130 million, followed by Casas Bahia, at \$120 million. These figures were released by the Nielsen Media Services. (Sao Paulo GAZETA MERCANTIL in Portuguese 27 Feb 96 p 1)

FISCAL, MONETARY ISSUES

Monetary Base Increases — As a result of another loan amounting to 240 million reais, R, granted to the Nacional Bank under the Program to Encourage the Reorganization and Strengthening of the National Financial System, Proer, the monetary base increased by R753 million in January. The overall monetary base currently stands at R22.434 billion. The increase in the monetary base reported in January is unusual because it is normally a month when economic activity declines and there is less demand for money. Francisco Lopes, director for economic policy at the Central Bank, noted that the increase stemmed from a speculative maneuver carried out by some banks late in January. These banks were hoping to profit from a rise in interest rates, but the BC lowered the interest rates and banking reserves increased by 44.2 percent in January. (Rio de Janeiro JORNAL DO BRASIL in Portuguese 24 Feb 96 p 10)

Income Distribution Improved — The Applied Economic Research Institute, IPEA, is conducting its first survey on the distribution of income since the advent of the Real Plan. During the 12-month period that preceded the implementation of the Real Plan, the wealthier 20 percent of the population received 65.7 percent of the income generated by labor, while the poorest 50 percent received only 10.4 percent. Just one year after

the implementation of the Real Plan, the income of the wealthiest segment dropped to 63.4 percent while the poorest segment increased to 11.6 percent. The increase represents R7.5 billion. The situation has improved, but the distribution of income continues to be unfair. (Sao Paulo VEJA in Portuguese 28 Feb 96 p 23)

TRADE ISSUES

Orange Juice Exports Decline — Although exports of concentrated orange juice declined to 891,500 tonnes in 1995, revenues stood at \$1.060 billion — slightly above the 1994-95 season. Exporters expect to maintain this level of revenues in 1996. Ademerval Garcia, president of the Brazilian Association of Citrus Fruit Exporters, Abecitrus, said there is no indication that the export volume will change in 1996. Abecitrus is scheduled to release its first estimate on this year's production in May. Producers expect prices of concentrated frozen orange juice to increase in the 1996- 97 harvest, which is due to start by mid-1996. (Sao Paulo O ESTADO DE SAO PAULO in Portuguese 25 Feb 96 p B9)

COMMERCIAL VISITS, OVERTURES

British Trade Official Visits Sao Paulo — British Trade Secretary Anthony Nelson arrived in Brazil on 28 February. He announced in Sao Paulo that the Glaxo Wellcome company will invest \$111 million in the largest industrial pharmaceutical complex in Latin America to be set up in Rio de Janeiro. The British official, who is accompanied by 10 British business executives, said large British companies are interested in projects in the areas of potable water, gas, electricity, mining, transport, and telecommunications. British companies have invested more than \$20 billion in Brazil. In 1995, British exports to Brazil totaled \$1 billion, mainly in chemical, medical, and pharmaceutical products; machinery; and whiskey. Brazilian exports to Great Britain totaled \$1.4 billion. (Rio de Janeiro O GLOBO in Portuguese 29 Feb 96 p 32)

Japanese Keidanren Delegation Visits — A group of 130 Keidanren businessmen is visiting the country. After being briefed by five Brazilian cabinet ministers and several Brazilian businessmen, the executives appeared to be more confident about the course of the Real Plan. Minoru Murofushi, deputy leader of the delegation, has confirmed that the Japanese Government will disburse funds for Brazilian infrastructural projects. He said the respective amounts will be announced during Brazilian President Fernando Henrique Cardoso's scheduled visit to Japan in March. He noted that new private Japanese investments will be made in manufacturing household appliances, electro-electronic equipment, and com-

puters. (Sao Paulo AGENCIA ESTADO in Portuguese 0033 GMT 29 Feb 96)

Brazil-Japan Committee Meets — During the sixth joint meeting of the Brazil-Japan Economic Cooperation Committee, Mitzukazu Ishikawa, superintendent of the Bank of Tokyo, said today in Sao Paulo that Japanese businessmen are concerned about the Brazilian difficulties in approving the tax and fiscal reforms and in expediting the privatization process. Brazilian Industry and Commerce Minister Dorothea Werneck noted, however, that all these fears will be dispelled during President Cardoso's scheduled visit to Japan. Ishikawa said that without these reforms, Brazil runs the risk of falling back into inflation. He also cited the Brazilian trade imbalance and high interest rates as problems for the Brazilian economy. Economist Paulo Yokota, a former director of the Central Bank, has noted that the Japanese delegation that is now visiting Brazil is more interested in Argentina or Asia "because the privatization has moved much faster in Argentina." (Sao Paulo AE in Portuguese 1947 GMT 28 Feb 96)

Japanese Eximbank Official Visits — Speaking at the sixth meeting of the Brazil-Japan Economic Cooperation Committee, Eximbank Executive Director Tetsuo Nakata said Brazil must assume a share of the risks foreign investors now have to take in undertakings carried out in its territory. Nakata proposed a "good combination of sources of financing" so that more than one investor will shoulder a possible loss. Nakata also favored closer ties between Mercosur member countries and the Andean Pact, which would enable Mercosur to move closer to the Pacific, and thus to Japan. Nakata said that mutual confidence and an exchange of information are required for Japan to invest in infrastructural projects in Brazil. (Sao Paulo AGENCIA ESTADO in Portuguese 1952 GMT 29 Feb 96)

Chile

Chile: Commentator Views 'Inspid' Christopher Visit

PY0503170996 Santiago LAS ULTIMAS NOTICIAS in Spanish 3 Mar 96 p 16

[Commentary by Enrique Gandasegui Garcia: "An Inspid Visit"]

[FBIS Translated Text] "How things do change our lives," Secretary of State Warren Christopher must have thought when he heard at the Chilean Foreign Ministry that people here are not in favor of adopting sanctions against Cuba, as U.S. administrations have always been requesting, and with greater pressure now that the brutal action of the destruction of two small airplanes by Cuban MiG fighter planes has taken place.

Christopher must have recalled that a few years ago, when he was in charge of the human rights office during the Carter administration, some Chileans used to visit him to ask for sanctions against the military government. Now they were not returning the favor, although the initial Chilean reaction in the UN Security Council, joining the worldwide reaction against Castro, could have given him better footing to expect more willingness to insist on sanctions. It was not so, however, and he, in any case, did not reproach anyone to return the favors granted during the 1970's.

Since he is very inexpressive (his actions speak more for him), there was clear evidence of the special importance he attached to the work of the Justice Ministry, requesting, with true interest, from Minister Soledad Alvear and her team of lawyers information about legal assistance functions in our country. The justification was excellent, if the idea was to conceal the "great support" given to the minister who, in her actions as head of that ministry, can exhibit, as she is recognized within the government, such things as the handling of the Letelier case, which ended with the imprisonment of Contreras and Espinoza at the Punta Peuco prison. In any case, there has been no reference, either, to that unfortunate episode during the meetings he held during his brief visit to Santiago.

It is not known whether he discussed those old issues further and privately with Minister Soledad Alvear, but during the luncheon at the Golf Club, where she was on his left, and then Minister Ricardo Lagos, nothing could be ruled out. In fact, Lagos seemed to have been the true host, as if he was meeting an old friend, making all possible effort to explain his vision of the country and of the world. Then the entire occasion also served to secure some knots for the future, because Clinton will win, as everyone believes. Although Christopher may not be the secretary of state, he will always hold an influential post within the the U.S. Administration.

From the right side of the table, [Defense] Minister Perez Yoma was listening attentively and was also responding to some comments by the visitor, while the remaining 38 individuals seated at the table were limited to commenting, with their respective neighbors, on the enthusiastic toast given by Foreign Minister Insulza, a toast that was well reciprocated by Christopher, praising the country's democracy and economy.

There, at the Golf Club, he did not refer to the grapes case, but the truth is that the three great fruit baskets that were decorating the table with grapes and nectarines spoke for themselves. The visitor must never have seen grapes bigger than those, one of the participants commented, carefully watching whether anyone dared to

pick some of them. The grapes were absolutely natural. But what those seated at the table did not know was that only minutes before their arrival, the grapes were changed. This was done because of the fact that, to create an impression, the grapes initially placed on the table had been washed with silicone to make them appear shiny. Fortunately, someone had the brilliant idea of changing them, because the memory of the cyanide, should someone have tried them, would have been very pathetic.

The grapes case was discussed at La Moneda Palace during the meeting with President Frei, who was invited to officially visit the United States within the next few months. The trip must be confirmed promptly because during the U.S. electoral period, regardless of how certain Clinton's reelection might be, one never knows what could happen. However, the invitation was truly important; with regard to the grapes issue, it is better not to harbor hopes, because Christopher only limited himself to a brief "we could take a look at it" when the subject was brought up to him during the meeting with the president. The visit has not given any better taste to anything else.

Chile: Negotiator on 'Substantial Progress' With Mercosur

PY0603002396 Santiago LA TERCERA DE LA HORA in Spanish 3 Mar 96 p 6

[FBIS Translated Excerpt] Carlos Mladinic, director of International Economic Relations, said that "substantial progress" was made in the negotiations with members of the Common Market of the South, Mercosur, which concluded on 1 March in Buenos Aires.

Mladinic, who headed the Chilean negotiation team, explained the progress on ways to improve access to markets that have restrictions on some products.

The negotiators agreed on quotas that will liberalize at least some of the products, which at first will be excluded from the tariff reduction to be implemented through the Chilean entry into Mercosur.

An agreement was also reached on reducing the list of sensitive products to be transferred to the general list for tariff reduction or to another list that would allow a shorter term for their tariff reduction.

The Chilean experts asked for the liberalization of textile products and shoes while the Mercosur asked the same for agricultural and industrial products.

Mladinic said the tariff reduction has not yet been discussed in detail by the teams but admitted that the end of the negotiations "are gradually getting closer."

He asked the businessmen who criticize the delay in the negotiations to be more patient because the Chilean objective is to reach a good agreement without the pressure exerted by time. [passage omitted]

Colombia

Colombia: Capo Santacruz Killed in Shootout With Police

PA0603045596 Madrid EFE in Spanish
0441 GMT 6 Mar 96

[FBIS Translated Text] Santa Fe de Bogota, 5 Mar (EFE) — Jose Santacruz Londono, third man in the Cali cartel, was killed today in a shootout with the police, two months after he escaped from a prison in Santa Fe de Bogota, the authorities have reported.

Colombia: Government Confirms Death of Capo Santacruz

PA0603054596 Santa Fe de Bogota Emisoras Caracol Network in Spanish 0456 GMT 6 Mar 96

[From the "Radio News" newscast]

[FBIS Translated Text] This is a report from the Narino Palace. Press Secretary Carlos Ruiz has a report on Jose Santacruz Londono's death. Good evening, Carlos.

[Ruiz] Good evening, Julio, and Caracol listeners. The government has confirmed the death of Jose Santacruz Londono, one of the Cali cartel's top capos. Police Director General Rosso Jose Serrano is meeting with President Ernesto Samper Pizzano and is giving him details of how Santacruz Londono was located on one of Medellin's streets tonight, accompanied by a large number of bodyguards. There was a shootout when the police tried to capture Santacruz Londono. The police had been looking for him for several days, and the police director himself had been in this city heading the search operations. The police director gave President Samper the details we are providing for the listeners, Julio. These details include the search for Santacruz Londono in the past few days and how he was located in Medellin tonight. There was a confrontation with the bodyguards of the man who had escaped from La Picota prison early this year. As a result of the shootout, Santa Cruz Londono, one of the Cali cartel capos, died. This is an official report from Narino Palace.

Colombia: Police Director on Santacruz, Decertification

PA0603072896 Santa Fe de Bogota Emisoras Caracol Network in Spanish 0535 GMT 6 Mar 96

[Telephone interview with National Police Director General Rosso Jose Serrano at Narino Palace by news

director Dario Arizmendi at the studios in Santa Fe de Bogota — live]

[FBIS Translated Text] [Arizmendi] National Police Director General Rosso Jose Serrano, good evening.

[Serrano] Good evening, Dario.

[Arizmendi] What can you tell us about the circumstances in which Mr. Jose Santacruz Londono, who had escaped from La Picota Prison 54 days ago, was slain?

[Serrano] Let me see, Dario. You know Santacruz escaped from La Picota. I was the first one to receive the information, and I was quite disheartened because it happened after so much struggle, so much work. When Penitentiary and Prison Institute [Inpec] Director Colonel Norberto Pelaez called me to tell me Santacruz Londono had broken out, I felt, as we say in Santander, deflated. However, this also prompted us to prepare a strategy, and I said many times we would capture him again. Therefore, from that moment on we began to work with my people, with my policemen, who are so dear to me, and we recently learned about his presence there.

We heard he went to Medellin because he thought we would not look for him there, because he had had some conflicts with Medellin. Nevertheless, we thought that the people who had chased Pablo Escobar there could serve as our conduit to know how deployments are carried out, what kind of people they are, how these individuals move there. We comprised a mixed team, including both the people who had caught the Cali cartel members and those who had caught the Medellin cartel members and destroyed the organization.

I told them: Look, get ready in Medellin, and we will continue to work. I had the opportunity to travel to Medellin for the rescue of a young man, a world motocross champion. Various persons approached me and said: Look, we have heard Santacruz is around here. This, plus some intelligence information I had, prompted me to say: We will look over there because he would not go to Cali. We definitely knew Santacruz would not go to Cali because, every time someone moved, we heard about it. Therefore, he felt he could not return over there. We recently insisted on this.

We sent our people from Santa Fe de Bogota, plus the people from Medellin, to work with the people in charge of the anti-kidnapping operations. Their work in Medellin has been excellent, with many rescues.

Early today I was told: General, things look like — too many people are moving around, we see too many strange cars. That is when I practically ordered them

to take all our hardware, as we say in our jargon, and deploy it in Medellin.

[Arizmendi] Yes.

[Serrano] At 1900 they said: General, we are seeing too many strange things. Later on, at 2200, an officer, a lieutenant, called me and said: General, we are chasing some vehicles. This looks very strange. They have opened fire on us, and we will see what we can do. I told him: You do what you can. At 2230 we were in a meeting with some generals and National Counternarcotics Director Colonel Leonardo Gallego — we were celebrating [word indistinct] specialty today — when I was called. I jumped up because I knew I would not be called to be informed the operation had failed. I was told: General, it seems that we have slain Santacruz Londono in the shootout.

In fact, Dario, when they called me I could still hear the shots.

[Arizmendi] Yes, sir.

[Serrano] Therefore, it was the type of operation you have to narrate like this because we have been in all kinds of operations, even facing cannons, and we were somewhat tired. We have been at this process for more than one and a half years, and we suffer for the good things, the bad things, the shocks. However, I am happy to be able to tell this kind of story, because they have been somewhat repetitive, no?

[Arizmendi] That is correct, General. We remember the other successes and blows dealt by the National Police and the Search Bloc, National Police component, in Cali against the members of the Cali cartel leadership, which resulted in their arrest. Mr. Jose Santacruz Londono escaped 54 days ago. General, was he alone or was he accompanied?

[Serrano] I was told he was with his driver, but he was escorted. It seems that the bodyguards at the last moment.... [pauses] I don't know what happened, but I am told he had between 10 and 11 bodyguards. I did not want to get into details with the officer. Perhaps later, we will have more information on this. Since it was 2230, we did not know what may have happened, but the important thing....

[Arizmendi, interrupting] Gen. Serrano, was he gunned down?

[Serrano] Yes, sir. I don't know if any of my men are injured, but the lieutenant told me none of them were. When he confronted police, he knew that after escaping prison he would be taking every chance. [words indistinct] I told my men to wear bulletproof vests and be very alert because the reactions of a fugitive

are unpredictable, Dario. Consequently, my people — very expert people, people with whom I talked every day — were very cautious. We watched the videos that were aired on television, his features.

Here, we had a great advantage: we knew him. When we began to chase Santacruz more than one year ago, we did not know him. I remember we had a picture of him looking very skinny. I believe he was at Duque Park but looked very different. When we captured him — I still have a photo in my office — he was completely different.

We had an advantage over him in the sense that we knew him completely. For instance, we knew that he could not shave because his psoriasis was very bad. For instance, when he was here in Bogota he wore jeans but did not wear socks. Dario, if you see someone wearing shoes without socks here in Bogota, wouldn't you become suspicious?

[Arizmendi] Of course, yes. Does that mean that the identity, the physical appearance of Santacruz Londono was practically the same as when he was arrested for the first time?

[Serrano] Of course, you cannot confuse him. One time, an informant called me and said: General, I just saw Santacruz on 30th Avenue and 6th Street, getting money from a bank — on a Wednesday — and he looks the same. Listen, the amount of information that we receive, Dario.... [pauses] That is one of the advantages of building confidence, as experts say. People called me every day from Medellin, Cali, Cartago. They called me to report they had seen an individual similar to the one appearing on television, perhaps with black instead of white hair.

This was an inspiration for the police and myself. I [words indistinct] all informants, even their own informants to distract us. But this is a tiring task. I have served a little over one year as police director, and I work hard here. But this is all worthwhile. After these accomplishments, I believe it is worthwhile to continue working, and our country deserves that we continue working.

That is why I would ask the United States that, after all this work which has been so tiring, they certify us, because we will work better with the certification. This would allow us to work more freely. I believe we deserve this certification for what we have done.

I have attended so many burials of police officers; we have lost so many innocent people. My people, who are professionals, work night and day. They are good, conscientious, and honest people. I believe we deserve international recognition, Dario.

[Arizmendi] Upon confirming at 2230 that this shootout had taken place in Las Palmas Road, in the city of Medellin, with the vehicle in which Jose Santacruz Londono traveled with his driver, Gen. Rosso Jose Serrano, general director of the National Police, who did you call after you called the president?

[Serrano] I called the president, then I called my wife, I called the prosecutor general, I called General Zuniga, and I tried to reach the defense minister, who is in Spain. I would have liked to share this with the defense minister, although he must know about this. I called the generals. The generals are happy and have been informed.

We met at the National Police Director's Office. I was with Gallego celebrating the anniversary of the Antinarcotics Department and as they say in Santander, I rushed here, Juan, I mean Dario.

[Arizmendi] Gen. Serrano, what was the prosecutor general's reaction when you read this report on the operation?

[Serrano] [Words indistinct] the text. He was happy and told me: Man, I congratulate you; keep up the good work.

[Arizmendi] Did you ever think about calling the U.S. ambassador to, perhaps, let him know of this new achievement by the National Police?

[Serrano] I believe that our boss is the president. Then, I called the boss first. I called a friend from the United States to whom I had said at 1700 hours that [words indistinct] it is very good. When I called him [words indistinct] I told him this is what happened [words indistinct] you can tell the story, Dario.

[Arizmendi] General, was it a Colombian friend or a U.S. friend?

[Serrano] He is an American friend, a very good friend of mine.

[Arizmendi] Could you perhaps tell us who he is?

[Serrano] No, no, no. I believe that he may identify himself. However, I called him because he was very alert.

[Arizmendi] Did he favor the certification or the decertification of Colombia?

[Serrano] Look, the people who are here; who fight; who go to San Jose del Guaviare, Miraflores, or Putumayo love us a great deal, because they know and are aware of how difficult the task is. I may ask him, but I could see in his eyes that he did not want us to be in this situation.

[Arizmendi] In his eyes or in his ears, General? [sentence as heard]

[Serrano] In his eyes and in his ears and in the facts.

[Arizmendi] Do you [words indistinct] feel that this was an accidental blow or was it really being concocted [words indistinct] today?

[Serrano] No, no, no. Dario, you know that we are persistent, tiresome, boring. I am almost single-minded; it is like an obsession. This has been a process that has involved many people from intelligence; furthermore, it has involved Colombians. Dario, the number of people who call me is impressing. Since everybody [word indistinct] me, he calls me and says: Look, General, I want to give information, because I saw this or that. This is how we have captured several individuals [words indistinct].

[Arizmendi] Regarding the reward, General, [words indistinct] on some of the informants, or will it be shared among the people who form this special group that has been accompanying you in the last few months and that has allowed the capture of all the leaders of the Cali cartel?

[Serrano] We are going to evaluate this. I believe that we will calmly determine the calls I received, the deployments, the recordings we had. The truth is that someone may have won the lottery, Dario.

[Arizmendi] Did some people close or linked to informants of the old Medellin cartel cooperate with the process to locate Santacruz?

[Serrano] Look, Dario, you know that these wars always leave wounds. When we had so many deaths, so much lack of understanding, I believe that it was then when we saw Santacruz failures; he went to a place where they always fear those attacks against drugstores, against many... [pauses] you know that the differences were so many, one was afraid to go from one place to another. [sentence as heard] Thus, [words indistinct] I could describe it or I could tell you. The important thing is that we had a resounding victory against drug trafficking.

[Arizmendi] Since when has he been living in Medellin, Gen. Serrano?

[Serrano] [Words indistinct] Santander not long ago. The truth is that...

[Arizmendi, interrupting] [Words indistinct]

[Serrano, interrupting] ...a great deal of information, many suspicions. I had a great deal of information, because I was called, because of the strange escorts, of the few drinks in a place had again reappeared. [sentence as heard] One starts putting all these things together.

This is why we had been doing our job unspectacularly and without a hurry.

[Arizmendi] Had he been living in some rural house, apartment building, or a particular hotel?

[Serrano] We knew he liked houses and apartments. Our big edge was that we knew his mode of operation and lifestyle. We picked up small details and intercepted certain small things, such as letters and errands. This is the kind of work the police does by watching all movements.

[Arizmendi] Did this intelligence work make it possible for the police to establish whether there had been any contacts between Santacruz Londono and Pacho Herrera in the past few weeks?

[Serrano] You bet. I told all of the members of my team to join me. I think Pacho Herrera started to run from his hiding place tonight.

[Arizmendi] You think he is in the outskirts of Medellin or rather outside the Antioquia department, some other territory, old Caldas or [words indistinct]?

[Serrano] Very close, as the saying goes.

[Arizmendi] Close to Antioquia department?

[Serrano] Very, very close, Dario.

[Arizmendi] Do you think you could give the Colombian people the good news of Herrera's capture in a few days because you are tracking his steps, as my fellow countrymen say?

[Serrano] I must admit that Herrera is slippery and complex, but after the Santacruz Londono thing.... Look, I think the most difficult man in Santacruz Londono's organization is Santacruz himself. As the people in Santander use to say, Herrera is nothing compared to Santacruz Londono.

[Arizmendi] Did Santacruz Londono have contacts with some of his cronies in La Picota prison?

[Serrano] There are certain little things, Dario. My intelligence people say many things. So maybe yes, maybe no.

[Arizmendi] Did he have a chance to confront the police with his own gun?

[Serrano] Of course. Santacruz knew that he would not be going back to prison whole. [Words indistinct] He was terribly bored because he was interned, but he was calculating his escape. Look, Dario. The edge that the police had is that we knew absolutely everything about him, his way of thinking, even what he liked to eat, what he could and could not eat, what medicines he had to take. You know, we had controlled certain drug

stores for certain medicines for psoriasis. Curiously, all of them suffered high-blood pressure and other blood-related problems. This is the result of a disorderly life, Dario, plenty of champagne, seafood, and little work.

[Arizmendi] When the confrontation with the police took place, the people who [words indistinct] orders of Gen. Salgado, commander of the metropolitan police, was he heading for his residence?

[Serrano] We do not know. I think we should rather wait for Salgado and his group to give us the information, because they, like us, were informed and more alert than the devil, as the people in Santander say. Salgado will tell us in detail the course of the operation, the movements. In other words, the interesting part of the operation.

[Arizmendi] Now why [words indistinct] participate in this operation against Santacruz Londono DEA or CIA agents or members of other special forces, as it happened when other Cali cartel capos were captured?

[Serrano] Look Dario [words indistinct]. There are local and international operations. I have always thought that in this drug trafficking process [words indistinct] no country or police in the world can have so much leeway as ours. This opportunity presented itself to us. I assessed it with Gen. Montenegro, Col. Linares, and my people and, as people said [words indistinct].

[Arizmendi] [Words indistinct] Santacruz Londono's steps, Gen Serrano.

[Serrano] As I use to say, we had been doing certain little things right and this is why it happened to us.

[Arizmendi] Is this the best answer to the Clinton administration's decision to decertify Colombia?

[Serrano] Yes. I believe it says that we are working, that the country is committed to this very complex and difficult struggle, to which it has devoted so much time. What we want to say is that we are going to continue working even though it is exhausting. We are going to win, Dario.

[Arizmendi] Do you have the identity of the driver-bodyguard who was with Santa Cruz Londono when he was killed?

[Serrano] No, Dario.

[Arizmendi] Were others killed, wounded, or captured?

[Serrano] I am waiting until [words indistinct]; I am preparing for the news conference with the president and I hope that Caracol will be with us. The president will be explaining other small details, Dario.

[Arizmendi] Of course Caracol's reporters will be there to inform all the Colombians in the world. However, General, have others been arrested or wounded in this operation besides Santa Cruz?

[Serrano] Lets hope that at least none of the policemen who participated in the operation were wounded. Lets hope they are all right. Later on we will see how the entire operation went off.

[Arizmendi] I am very grateful to you for your kindness over the past 25 minutes with the Caracol network. Congratulations, Gen. Serrano. Have a happy morning, and thanks for being with us early this morning.

[Serrano] [words indistinct], Dario.

[Arizmendi] That was Chief of Police Gen. Rosso Jose Serrano Cadena.

Colombia: Samper Interviewed on Death of Santacruz

PA0603065096 Santa Fe de Bogota Radio Cadena Nacional in Spanish 0512 GMT 6 Mar 96

[Telephone interview with President Ernesto Samper, at Narino Palace, by News Director Juan Gossain, at the RCN studios, in Santa Fe de Bogota on 6 February — live]

[FBIS Translated Text] [Gossain] Hello.

[Samper] Hello. Hi, Juan.

[Gossain] Mr. President, you refused to take my call earlier but you cannot say no to General Serrano.

[Samper] We are very pleased here with the National Police generals. We are celebrating this event.

[Gossain] Mr. President, for you, personally, and, in general, for the Government of Colombia, what are the implications of the killing of Santacruz Londono tonight in Medellin?

[Samper] First of all, this is a sort of vindication for what we have experienced in recent days. There was a sense of depression among Colombians because of certain hostile actions, such as the decertification of Colombia. These actions were a blow to the spirit of Colombians, who feel so deeply about the cost we have paid in this struggle against drug trafficking.

Yesterday, we met with General Serrano and Colonel Gallegos to study ways to cope with this new period, in an effort to demonstrate that Colombia has a commitment to the drug struggle not because of an imposition from any country, but because of a national conviction. I believe this became clear tonight. I am obviously very pleased that this event took place at this time, because

this allows us to reiterate to the world that our commitment is serious.

[Gossain] Mr. President, at the time General Serrano, as he himself told RCN, telephoned you tonight at about 2315, 2320 and gave you the news, what was your feeling?

[Samper] Well, any call from Serrano after 2300 stops my heart.

[Gossain] Of course. [laughs]

[Samper] But the truth is that he always calls me to give me good news, and this was undoubtedly good news. The truth is that we share this joy, and I want to share this with the National Police, the authorities who participated in these operations. This is a way of showing the world that this is a country that is not responsible for drug trafficking, but that is its main victim, as I have said.

[Gossain] Mr. President, with regard to the struggle not only against drug trafficking but against drug traffickers, what is the next step? What comes next? What is the decision of the Government of Colombia?

[Samper] Juan, I have outlined a comprehensive policy to struggle against drug trafficking. I outlined this policy one year ago, and we have fulfilled it in its entirety. On 12 February, I reiterated our resolve to fight drug trafficking. We continue to advance with or without certification, alone or accompanied. We will continue to advance, because this is a problem that concerns Colombians and also because we want to demonstrate to the world that we assume the responsibility, even if we have to fight alone, to prevent this serious drug poison from spreading around the world.

[Gossain] Speaking about this, this afternoon, Justice Minister Dr. Carlos Medellin stated that the United States only contributed pittance to Colombia in the drug struggle. Minister Medellin said Colombia should give up this aid. Mr. President, is the government ready to do this?

[Samper] Well, the government has said clearly that we want to work with all those who believe in us and wish to assist us. And we won't reject any aid from the international community to continue this struggle.

We have also stated — this is perhaps what the justice minister referred to — that we are contributing the greatest amount of resources in this task. The latest estimates show that Colombia contributes nearly \$1 billion in this struggle, of which we receive less than one tenth in international aid. But any international aid is welcome as long as it is given on the basis of respect

for Colombian authorities, respect for our sovereignty, and respect for the right of Colombians to have the world understand this is not an exclusive responsibility of Colombia. We need that countries also contribute their share in this effort, which may be in the form of reducing consumption or stopping the sale of chemical precursors or weapons.

In sum, this is a fight in which we all must contribute. What this episode demonstrates is that cooperation is much more effective than conflict. This shows that bilateral and multilateral decisions are more effective than unilateral decisions.

[Gossain] Mr. President, only five days have elapsed since 1 March. Do you believe that if Santacruz' death in the hands of the National Police when he resisted arrested had occurred before 1 March, the United States would have acted differently regarding Colombia?

[Samper] No, it would not have been satisfactory for Colombia, because I do not believe that we needed an episode like this to demonstrate Colombia's resolve to fight drug trafficking. I believe that it was a very unfair decision; I do not hesitate to criticize it, because it seems to me that the achievements we have made in the fight against drug trafficking were completely ignored. It was an unfair [word indistinct], and I hope that, as Gen. Serrano pointed out, there will be a reconsideration of this punishment, which was a punishment on all Colombians, who believe the drug trafficking problem is in our souls.

[Gossain] Mr. President, since 11 January, what did the fact that Santacruz escaped so easily from prison and that he remained at large mean to you?

[Samper] It was a challenge not only for the prison security authorities, but also for the country, because it was like putting Colombia in a difficult situation before the international community. This is why, since the beginning, I told Gen. Serrano that one of the priorities of the National Police was to find a final solution to this, to pursue Mr. Santacruz, as they indeed did since then. I believe that this episode demonstrates to me and must be demonstrating to the people who are currently being prosecuted that the matter is serious, that my government's decision on the fight against drug trafficking is more than just a facade.

[Gossain] President Samper, thank you very much, and congratulations to you, the national government, and the National Police agents at your command and the command of General Serrano.

[Samper] Thank you very much, Juan. This is a news that we must spread.

[Gossain] Have a good night, Mr. President.

[Samper] Thank you, Juan.

Colombia: Samper Says Killing of Santacruz 'Vindication'

PA0603064796 Santa Fe de Bogota Emisoras Caracol Network in Spanish 0524 GMT 6 Mar 96

[Telephone interview with President Ernesto Samper at Narino Palace by news director Dario Arizmendi in the studios — live]

[FBIS Translated Text] [Arizmendi] Good evening, Mr. President.

[Samper] Yes, what is up, Dario? Dario, I can hear you.

[Arizmendi] Thank you, Mr. President. What does the killing — by police authorities around 1100, 1 km from the Intercontinental Hotel in Medellin, on the road to Las Palmas — of Jose Santacruz Londono, considered the number three man in the Cali cartel, mean for you?

[Samper] Well, Dario, above all, this represents a vindication for the Colombian authorities, particularly at a time when we have been subject to acts of international misunderstanding with the famous issue of the U.S. Government's certification. Furthermore, this is a confirmation of my government's resolute determination to continue fighting, without respite or truce, against the extremely critical drug trafficking problem.

[Arizmendi] Mr. President, at what time were you notified by National Police Director General Rosso Jose Serrano about the successful operation that ended with the death of Jose Santacruz Londono?

[Samper] Well, Dario, I left my office and went upstairs at about 2300. I had just arrived when I received the call from Gen. Serrano, who asked me with his usual style if I was standing or sitting down. I opted to sit down to hear the news. He told me the news right there, and I invited him to come over with the National Police generals, who are here with me right now, to hear the details about the operation and to congratulate them for the success achieved.

[Arizmendi] We understand that a series of National Police and government informers allowed the carrying out of the operation.

[Samper] Well, Dario, I have no details about the operation. We have barely started to evaluate them, but I can assure you that this was an exclusively local operation, meaning a domestic operation carried out by Colombians in the Colombian style.

[Arizmendi] Mr. President, we understand it did not involve the participation of DEA or CIA agents, or any foreign police intelligence force?

[Samper] Not at all. It was exclusively our operation. This will surely offer us the opportunity to show the world we are prepared to continue this harsh battle with or without international support, but preferably with support — we want it, we seek it, and we need it, provided the country is respected. The battle is not only ours, because it is a battle we are waging on behalf of the whole world.

[Arizmendi] Mr. President, it is a mere coincidence that this clash occurred 72 hours, or 108 hours, after President Clinton's government decided to decertify Colombia?

[Samper] Well, perhaps it would have been preferable if it had happened before, as a reiteration that Colombia has an unequivocal determination to struggle against drug trafficking. However, it also offers us the opportunity to show Colombians and the world that, regardless of unfavorable circumstances, Colombia's determination in this struggle does not depend on any form of pressure. Instead, it is a result of a deep conviction we have that this is a problem which has caused harm to the Colombian people but is also causing harm to the world.

[Arizmendi] Has the U.S. ambassador been officially notified by the Colombian Government or has he learned about this event from the Colombian media?

[Samper] No, I have no information on this.

[Arizmendi] Mr. President, what can you tell us? Was Santacruz Londono traveling alone? Was he accompanied by anyone? What do you know about the circumstances surrounding Santacruz Londono's death at the hands of the National Police?

[Samper] Dario, if you wish to hear the details, I can bring you Gen. Serrano, who has all the details about the incident fresh in his mind. I simply wanted to tell the Colombians about this fact, a positive fact, a fact that allows us to face others with dignity and honor.

[Arizmendi] Mr. President, we thank you very much for this communication with the Caracol network early in the morning. It is 1230 at night. Gen. Rosso Jose Serrano believes that the U.S. Government's stance could change now that the Colombian police have gunned down Jose Santacruz Londono.

[Samper] Dario, this stance should have never taken place. I begin with this premise. I suppose that, with this occurrence, if I were they, I would be seriously reconsider this situation and would take this opportunity for

the two governments to shake hands again and understand that only cooperation between the two countries can guarantee success in the struggle to solve a problem so complex that a single country cannot be expected to handle it by itself.

[Arizmendi] What is your message for the police and in general for the Colombian military forces that have participated in the search for the Cali cartel members and those of other criminal drug organizations?

[Samper] I feel very proud of the Colombian police. I have said I have the world's best police. I think they have proved the point tonight. I am very happy with them. I feel I am being supported in the struggle we are waging with the National Police and, in general, with all security forces, the public force in general, the Army, and the security organizations. I think this is a fight in which we are all participating. I do not think this is the time to establish differences between one and the others. I think we are all beside the cannon and here will stay.

[Arizmendi] Among other members of the Cali cartel, there remains Francisco Elmer Pacho Herrera, who has been chased by the authorities since the beginning of your mandate. Would you send him a special message regarding submission to justice or can he expect an end similar to that of Santacruz Londono?

[Samper] Well, he and everyone else who violates the law in this or any other type of activity can only expect the full weight of the law to fall on their heads sooner or later. All who have confronted the forces of law and order can rest assured that sooner or later, as has been shown tonight, they will receive the full weight of the authorities for the offenses they have committed.

[Arizmendi] Had you been disappointed, had expectations, or hoped that Santacruz Londono could be recaptured or would experience this demise? What did you feel all these weeks after Santacruz Londono fled 54 days ago?

[Samper] The escape gave me a feeling of frustration, powerlessness, and anger. Of course, as president of the Republic, I felt betrayed, that the authorities were mocked, and the controls had been disappointed. What has been shown here is that the persons who violate the law and mock the authorities are dealt a penalty proportional to the harm they inflicted.

[Arizmendi] Mr. President, in the name of the Colombian people, congratulations for the success of this operation that made it possible to locate Santacruz Londono 1 km from the Intercontinental Hotel in Medellin with the known result. Thank you very much for this communication with the Caracol Network. We wish you a happy night and accept your kind invitation to keep

talking about the details and circumstances that accompanied this incident that took place at 2300.

Colombia: Samper Defends Fight Against Drug Trafficking

LD0603113796 Madrid RNE-1 Radio Network in Spanish 0700 GMT 6 Mar 96

[FBIS Translated Excerpt] Barely a week after the United States decided unilaterally to suspend economic aid to Colombia for its alleged lack of cooperation in the fight against drug trafficking, the Colombian police have shot dead Jose Santa Cruz Londono, the number three capo in the Cali cartel. According to official sources, the drug trafficker was killed when he resisted members of the police force who had found him near Medellin. Santa Cruz Londono had escaped from a high security prison in Bogota after two months due to the complacency of the prison officers guarding him.

Minutes after the news of the death of the drug trafficker, we spoke live with Colombian President Ernesto Samper — an interview we brought to you on Spain at Seven program and which we now summarize. Good morning Mr. Samper.

[Begin recording] [Samper] Hello. My greetings to all the listeners of Spanish National Radio.

[Correspondent] Mr. President, how would you assess right now the event which took place this morning — the shooting to death of Jose Santa Cruz who was believed to be the number three capo of the Cali cartel? What does this mean for you exactly?

[Samper] Well, this has several meanings. The first is that it is a claim of Colombia that we have been, as you said yourself, the object of ignorance at the hands of the U.S. Government in its fight against drugs. There is no country in any part of the world that has paid such a price in terms of finance and lives as we have in this fight, which is not just ours but also of the whole world. Furthermore, it constitutes a notification to the whole world that Colombia has an unyielding will to maintain the fight against drug trafficking with or without international support.

[Correspondent] Will the events of this night bring about any change in the attitude and actions of the United States who had withdrawn its trust because they believed that your fight against drug trafficking was limited?

[Samper] Well, this was the situation that we interpreted as a moral blow to the Colombian spirit. The truth is that we interpreted the decision of the United States as an eminently political one, certainly motivated by electoral reasons, but I am not ready to allow that the efforts of

my country against drug trafficking be overlooked. Last year these efforts cost us 500 lives among the forces of law and order, the police, and the various people in charge of the fight against drugs trafficking in this country.

[Correspondent] The implications of drug trafficking in many sectors of Colombian life have also affected politics. It seems that there are over 100 members of congress who even have some kind of links, and there is also your own case, President Samper — excuse me for saying it in this way — the situation in which you are still involved. What can you tell about this? How do you think that this matter can be resolved?

[Samper] Well, it is no mystery for anyone that these sectors of drug trafficking in Colombia, just like in any other part of the world, want to buy power and protection. No sector in Colombia has been excluded from the possibility of this kind of infiltration. What has to be made clear before the international community is that we are not unaware of this profound corrupting power of drug trafficking and that we are willing to go to war, to the death if necessary, to show the world that in this country there are people wholly committed to the eradication of a problem which is not just our own, because if drugs were not consumed in Spain, in France, and in England, then maybe we would not be going through the difficult situation that we are currently experiencing. [passage omitted] [end recording]

Colombia: Samper Vows To Continue Struggle Against Drugs

PA0603033796 Santa Fe de Bogota Inravisión Television Canal A Network in Spanish 0000 GMT 6 Mar 96

[Report by Jorge Humberto Moreno in Cauca, Antioquia Department, from the "Seven O'Clock Newscast"; monitored from retransmission by Lima Sistema Unido de Retransmission Television at 0100 GMT on 6 March]

[FBIS Translated Text] President Ernesto Samper visited Antioquia Department today. He spoke in Cauca to request that the people be optimistic in order to counter the crisis provoked by the decertification.

During the inauguration of the Carlos Lleras Restrepo Bridge over the Cauca River in Antioquia's Cauca Municipality, President Ernesto Samper again referred to the decertification issue and said Colombia will continue its struggle against drug trafficking alone.

[Begin Samper recording] The only thing we want is — not to receive economic aid from other countries, because we are spending \$980 million and receive barely 10 percent of this — the only thing we want is

for them to fulfill their part of the commitment, meaning to lower the levels of consumption, prevent the sale of weapons, and control the laundering of dollars. [end recording]

The bridge inaugurated by the Colombian president this morning will link the Northwestern Highway with the so-called Peace Highway. In the future, once some roads are paved, it will link the central part of the country with the Atlantic Coast, through Puerto Boyaca.

Colombia: Samper Announces 'Offensive' To Seek Funds

PA0603041196 Madrid EFE in Spanish
2054 GMT 5 Mar 96

[FBIS Translated Text] Medellin, (Colombia), 5 Mar (EFE) — Colombian President Ernesto Samper announced today that his government will present next week an international offensive to seek loans that will enable it to counter the eventual consequences of the condemnation imposed by the United States in its struggle against drugs.

The president said the campaign will be carried out by Mines and Energy Minister Rodrigo Villamizar in Japan's credit market.

"The construction of oil and gas pipelines will not stop," Samper asserted at the ceremony for the inauguration of a bridge over the Cauca River, the second most important in the country, which he presided over in Cauca, a town in the Colombian northwest.

The statement refers to the suspension of \$300 million in credits contracted with the Eximbank, an official U.S. financial entity, for the construction of an 800-km pipeline that is intended to carry crude oil extracted from the new and rich Cusiana fields, discovered in the country's eastern flatlands.

Samper said his government will use the "good credit" it has in Europe and Asia to obtain essential economic resources to continue with its infrastructure work.

"The most important agencies that assess economic risks today gave the Colombian economy the endorsement that was denied a week ago with regard to our struggle against drug trafficking," he said.

The government, the Colombian president guaranteed, has adopted all the precautions so that, "if there is a shortage of credit resources in the United States, we will get them from other European and Asian partners."

The suspension and loss of support for the loan applications that Colombia is currently negotiating or will submit to multilateral credit organizations is one of the first consequences of the condemnation of the Andean

country's struggle against drugs, announced on Friday by U.S. President Bill Clinton's administration, which considered the struggle "insufficient" in 1995.

The disqualification also involves for Colombia the reduction, by half, of aid that the United States delivers to Colombia, different from the one destined for the struggle against drug trafficking.

Colombia: Minister Says Nation Must Refuse U.S. Aid

PA0503203896 Santa Fe de Bogota Inravisión
Television Cadena 1 in Spanish 1730 GMT 5 Mar 96

[From the "National Newscast"; monitored from retransmission by Lima Sistema Unido de Retransmision Television at 1830 GMT on 5 March]

[FBIS Translated Text] The justice minister, the police director, the narcotics director [director antinarcoticos], and the national narcotics director [directora nacional de estupefacientes] met this morning, 5 March, to review the situation of the fight against drug trafficking after Colombia was decertified.

The role of organizations such as the DEA in our country will definitely be reviewed. Justice Minister Carlos Eduardo Medellin Becerra said today that Colombia must reject U.S. narcotics assistance for reasons of dignity after President Clinton decertified the country.

[Begin Medellin recording] Frankly speaking \$20 million, which has been reduced to \$9 million or \$10 million, is money Colombia must stop receiving out of dignity. [end recording]

At the end of the meeting Medellin held with high-ranking officers of the Medellin Police, he said that the government is studying the possibility of reevaluating the work done by the DEA in Colombia.

[Begin Medellin recording] We are jointly working in the fight against drugs. We are working on plant eradication, we are working with intelligence organizations such as the DEA, but with this unfair decertification I believe someone is not doing the right thing and of course it is not the police. [end recording]

The minister proposed the signing a bilateral agreement establishing specific responsibilities for both the United States and Colombia.

Colombia: Minister Denies Capos Operating From Prison

PA0503220396 Madrid EFE in Spanish
1723 GMT 5 Mar 96

[FBIS Translated Text] Santa Fe de Bogota, 5 Mar (EFE) — Colombian Justice Minister Carlos Medellin

today denied that the Cali cartel bosses are "managing" their businesses from prison, as U.S. authorities reported last week.

Medellin denied reports that Cali cartel bosses Gilberto and Miguel Rodriguez Orejuela carry out activities from "La Picota" Prison. They were arrested last 9 June and 6 August, respectively, in this southwestern Colombian city.

Last Friday, Robert Gelbard, U.S. assistant secretary for international narcotics and law enforcement affairs, affirmed that the Cali cartel bosses continued to run their "businesses" from prison.

Gelbard made these remarks after the U.S. Government asked the Senate not to renew Colombia's annual certification on the drug struggle, maintaining that this country "did not cooperate sufficiently" in 1995 to fight drug trafficking.

"Mr. Gelbard stated categorically a number of inaccuracies, in some cases, ambiguities, and I would say even some lies," Minister Medellin told Caracol Radio Network.

"It is not true that the management of the cartel is operating out of La Picota Prison through telephones, faxes, and computers. In spite of the fact that several of those arrested (in that prison) initially requested the aforementioned equipment, these requests were systematically denied," the justice minister expressed.

Meanwhile, Medellin condemned the "surrender policy" for drug traffickers that the administration of then-Colombian President Cesar Gaviria, currently OAS secretary general, based in Washington, promulgated in 1991.

"I would not like to point my finger directly at President Gaviria, but I must do so," Medellin stressed, and added that in recent Colombian administrations "there was no comprehensive policy against drug trafficking."

According to Medellin, in order to end the Medellin cartel-sponsored terrorism led by Pablo Escobar, killed by police in 1993, "the concept of negotiating with the law and negotiating the sentence was unfortunately introduced in Colombia."

"However, we are seeing that the surrender policy did not work," because "it is offering ridiculous sentences and unacceptable negotiations with criminals," the minister underscored.

Medellin reiterated that the Colombian Government has not ruled out the possibility of reconsidering its cooperation with the U.S. agency DEA, which might include the departure of foreign agents from Colombia.

Colombia: Samper To 'Evaluate' Ties With DEA, CIA

PA0503220796 Santa Fe de Bogota EL TIEMPO
in Spanish 5 Mar 96

[Received via Internet]

[FBIS Translated Text] DEA and CIA participation in narcotics operations in Colombia will be reviewed in principle. The police are preparing a report for the president on the current scheme.

Barely 72 hours after Colombia was decertified by the United States, President Ernesto Samper began a revision of the U.S. drug agencies' participation in the struggle against drug trafficking, to restructure the current cooperation scheme.

The information was revealed by National Police Director General Rosso Jose Serrano after attending a meeting with President Samper at Narino Palace. The meeting was also attended by National Counternarcotics Director Colonel Leonardo Gallego.

According to Serrano, the meeting sought to "analyze the possible suspension of U.S. cooperation in the struggle against drug trafficking and to study the "participation of U.S. agencies and the handling of radars located on national territory. [quotation marks as published]

The officer revealed Samper ordered him to submit, as soon as possible, a report to "reorient" the way in which Colombian-American cooperation is carried out.

Serrano, who recognized the decisive DEA and CIA support to dismantle the Cali Cartel and eradicate drug crops, said the drug agencies' operational participation will be the first points to be restructured.

"There are some clauses which determine the 'modus operandi' of the process, and these are the clauses we will evaluate, both dealing with the operational part as well as the part regarding our relations with U.S. Government organizations," he said.

The current estrangement with the United States is not the only one in recent months.

On 27 September 1995, minutes after the attack on lawyer Antonio Jose Cancino, Interior Minister Horacio Serpa was asked if the DEA could be behind this, and he said: "Sounds like it, sounds like it."

The U.S. Government immediately rejected Serpa's accusations and held Colombia responsible for the safety of its citizens in this country.

Three months later, the government rejected the statements given by Robert Gelbard, assistant secretary for

international narcotics and law enforcement affairs, who said the investigation conducted by the Chamber of Representatives on President Ernesto Samper's actions "was not serious."

The police will have a bigger national budget to counter the Clinton administration's possible budget withdrawal.

Serrano said: "For the first time, there will be a budget to purchase helicopters, strengthen narcotics agencies' structure, and guarantee success in the eradication programs we are currently carrying out."

The officer said the government's support has been excellent in the operational part. "For the first time we have a development plan which involves more than \$180 million for the police in a four-year period; part of this will be used in the actions against drug trafficking," he stated.

The general revealed other countries' support will be sought in the struggle against drugs.

"Drug cooperation programs are currently under way with Great Britain, France, Germany, Italy, and the European Union, plus an exchange of intelligence information with 30 nations.

Serrano also thanked the United States for the certification of his role in charge of the institution.

"I appreciate that mention, but it may have left out many persons and entities that have contributed in the struggle. It would be selfish to disown the fact that many persons have participated in the task, just as I have honestly recognized that the DEA and the CIA have helped us," he concluded.

Colombia: Justice Minister on New Antidrug Strategies

PA0403191196 Santa Fe de Bogota EL TIEMPO
in Spanish 3 Mar 96

[Report by John Gutierrez — received via Internet]

[FBIS Translated Text] Presentation of a bill to prevent judges from unduly accumulating benefits for drug traffickers; sending an official mission to London to define the signing of a bilateral agreement with the UK; intensifying crop dusting; and revising the program of U.S. assistance to the judicial system are the pillars of the Colombian Government's new strategy against drugs.

EL TIEMPO has learned about the plan to be implemented by the Samper administration — starting this week in various areas — to try to overcome the effects in judicial activities and in the struggle against drug

trafficking resulting from the Clinton administration's decision to decertify Colombia.

President Samper announced his plan in a speech he delivered last Friday: "My government will reevaluate and reexamine the terms of bilateral cooperation on which programs for joint struggle against drug trafficking have been based."

Other judicial sources that were consulted recalled the discrepancies between the government and the DEA. Although probabilities are low, they did not rule out the possibility of a reaction regarding the agency's presence in Colombia.

As a first measure, the government, through the Justice Ministry, is drafting bill to be presented to Congress this week, which seeks to prevent judges from imparting "ridiculous" sentences on drug trafficking kingpins.

Justice Minister Carlos Medellin explained that the purpose of the bill is preventing judges from unduly accumulating legal benefits when sentencing drug traffickers.

"The law has allowed judges to unduly accumulate benefits [in favor of drug traffickers]. I believe that the secret is in restricting the accumulation of those benefits and establishing punishment according to the damage that drug trafficking has done to society," he stressed.

Medellin said that legal experts from the Justice Ministry are exploring the possibility of drug traffickers first serving a minimum sentence before obtaining the benefit of reduced sentences for providing information, pleading guilty, collaborating with justice, or through work and study, among other reasons.

Ridiculous Sentences

"We must put an end, once and for all, to ridiculous sentences and prevent the undue accumulation of benefits. The bill will reportedly establish a minimum sentence and define the basis after which legally reduced sentences could be granted, clearly respecting due process and the defendants' right to defense," Medellin said in his statement to EL TIEMPO.

Medellin cited an example: Victor Julio Patino Fomeque, the sixth man in the Cali cartel, sentenced to 18 years in jail by a faceless judge for drug trafficking and illegal enrichment. In practice, his sentence will not last longer than six years.

In addition, the Colombian Government will send an official delegation to London this week to overcome the obstacles for the signing of a bilateral agreement with the UK in the struggle against drugs.

The agreement has not been signed due to limitations in Colombian laws to allow the implementation of preventive measures dictated by British authorities against properties in the country obtained through drug trafficking.

The proposal to be presented by the Colombian Government's delegation will make possible the confiscation of illegal properties in the country through the implementation of a legal process in Colombia based on a notification on the confiscation of the respective properties by the British authorities.

"The purpose is to promote and facilitate Colombia's adherence to the European agreement against money laundering," Medellin said.

Medellin described the decertification as unfair, saying that "we are not surprised to find ourselves alone in the struggle against drugs; nevertheless, as Colombians we will continue our struggle against drug trafficking."

Crop Dusting

After stressing his confidence in the struggle against drugs, Medellin said that the Clinton administration's decision to decertify Colombia will not be an obstacle to continue with the program of spraying illegal crops in the country.

This week, he announced, the National Drug Council will hold a special meeting to determine what adjustments will be made to the plan for the spraying of illegal crops and "whatever actions are necessary to strengthen the program and continue implementing it."

The spraying of illegal crops is one of the subjects contained in the bilateral cooperation agreement with the United States. It includes aspects related to advice on the equipment, the use of chemicals, training personnel, economic support, and supervision.

Medellin also referred to a plan to support the Colombian judicial system through the U.S. AID [Agency for International Development]. That plan covers areas such as computer systems, training, assistance to the Prosecutor General's Office, the Attorney General's Office, the High Council of the Judiciary, the Judicial School, and the Justice Ministry.

Medellin said that as part of the plan — for which a budget surpassing \$20 million was earmarked — approximately \$2 million are still pending allocation.

Medellin noted that thus far, relations with that agency have been excellent.

In that regard, Medellin said to EL TIEMPO: "Based on the U.S. Government's opinion that Samper's government is committed with the Cali cartel, I wonder if

the Justice Ministry will be able to continue with that program or if they will continue their assistance."

He added, "It would be inconsistent for them to continue working with us if they believe that the entire government is compromised with the Cali cartel, as Robert Gelbard (assistant secretary of state for international narcotics and law enforcement affairs) has said."

Colombia: Accusations Committee Decries Decertification

PA0503161596 Santa Fe de Bogota EL TIEMPO
in Spanish 3 Mar 96

[Received via Internet]

[FBIS Translated Text] Representative Heyne Mogollon, who is in charge of an investigation of President Ernesto Samper at the Chamber of Representative's Accusations Committee, yesterday described U.S. decertification of Colombia as "undue meddling."

Mogollon said that the decertification is "a legend that distorts our country's image before the international community." The country should henceforth look to other latitudes that have recognized the country's efforts to eliminate the scourge of drug trafficking.

"The United States is applying a foolish policy that undermines the international relations between underdeveloped countries and the great colossus to the north," Mogollon added.

His views were supported by other Chamber of Representatives members who described the decertification as "meddlesome" and as the product of purely political decision on the part of the U.S. Government.

"As a citizen one is concerned with decertification because we will continue to live in this country with or without crisis, and whatever affects the economy will affect all of us," Accusations Committee Deputy Chairman Jorge Humberto Mantilla said.

Despite statements by Robert Gelbard, assistant secretary of state for Latin American affairs [title as received], that it is already clear for his country that the presidential campaign of Ernesto Samper was financed by drug trafficking money, members of the Accusations Committee said that this view will in no way affect their investigation.

Mogollon noted that this parliamentary body's task is to administer justice exceptionally, and it would do no good, in fulfilling its duties, for them to pay attention "to U.S. meddling, which in our opinion, is eminently political."

The parliamentarians also assured that their work should be based not on what persons claim but on the evidence, on facts that the committee is analyzing.

"Despite any pressure, we must rule responsibly based on evidence, this organization must not be subjected to pressures," Mantilla added.

Roberto Moya, another member of the Accusations Committee, said that the trial [juicio] against President Samper "is in keeping with rules, codes, and the Constitution of Colombia."

"Ours is a criminal and not a political investigation," Representative Jose Domingo Davila pointed out.

In the opinion of those who were consulted, it is difficult to predict the influence that Gelbard's statements will have within the plenum of the Chamber of Representatives should the investigation of the head of state reach that body.

"Overlooking the pressure that exists would be tantamount to turning our backs on reality," Mantilla noted.

Colombia: Minister Welcomes UN Endorsement on Drug Issue

PA0103232296 Santa Fe de Bogota EL TIEMPO
in Spanish 29 Feb 96

[Received via Internet]

[FBIS Translated Text] Foreign Minister Rodrigo Pardo welcomed the United Nation's endorsement in favor of Colombia's struggle against drug trafficking and rejected "unilateral or biased strategies."

Without mentioning the United States or its certification process (whose preliminary outcome will be learned tomorrow), Pardo said that these unilateral strategies "are unfair and ineffective because they fail to understand the problem."

"Unfair, because it burdens a few with the responsibility of the solution, and inefficacious, because by not taking into account the full size of the problem, these unilateral strategies can only produce short-term results in prices, routes, production places, or in the drugs used."

On the other hand, Pardo defended the UN's evaluation mechanism for antidrug struggle through its International Council for Narcotics Control (JIFE), because of its multilateral character and said that it is the best instrument "to carry out an effective struggle" in this field.

"Colombia has stressed that the problem, due to its two-fold character of being national and global, needs to be faced in a multilateral manner, its diagnostics and solutions need to be defined and implemented

collectively, and the evaluation of results need to be done with objectivity, always looking for the benefit of the entire international community," he said.

He summed-up the government's point of view by stating that "in order for its solution be viable a transnational requires an equally transnational strategy."

Pardo's statement took place when presenting the JIFE report, which highlights Colombia's headway in such aspects as measures against money laundering, the application of provisions governing the Vienna Convention on Narcotic Drugs, eradication of crops, capture of capos, and destruction of cartels.

Pardo, without venturing to guess the final outcome of the U.S. certification, said that the facts Colombia has presented to the United Nations in antidrug struggle "are the same" that Washington is studying today.

Carlos del Castillo, coordinator for UN systems in Colombia, underscored that this evaluation does not meddle in aspects dealing with countries' internal politics and for this reason the report is positive as far as Colombia is concerned, despite the political crisis.

Colombia: Attorney General Denies Ties With Drug Cartel

PA0503231596 Santa Fe de Bogota EL TIEMPO
in Spanish 5 Mar 96

[Received via Internet]

[FBIS Translated Text] Attorney General Orlando Vasquez Velasquez has flatly rejected his reported ties with the Cali cartel, particularly with brothers Miguel and Gilberto Rodriguez Orejuela, and says the reports are "malicious insinuations."

In a letter addressed to this newspaper's director, Vasquez Velasquez referred to a news item carried on page 8A in last Friday's issue, headlined "Attorney General Seeks Ad Hoc Prosecutor."

The news item tells about the events that the Attorney General's Office and the Prosecutor General's Office have had to deal with and alludes to a file that the Supreme Court of Justice had handed over to the Prosecutor General's Office for the latter to determine whether or not there is enough merit to investigate Attorney General Vasquez Velasquez.

In his letter, the attorney general says he just obeyed the Constitution and bylaws by carrying out inquiries of a disciplinary nature on Deputy Prosecutor Adolfo Salamanca and hearing a complaint against now-Prosecutor General Alfonso Valdivieso when he was education minister.

"Consequently, the undersigned has used no trickery or base resources to attain obscure purposes, as is inferred from the note I refer to," the attorney general said.

This is the text of the letter:

"Dear Mr. Director: The presuppositions that your newspaper makes on page 8A in today's issue are biased and completely untrue.

"These repeated presuppositions are unjustified in view of my clear and specific remarks on the reported events which the Supreme Court of Justice has been investigating for the past eight months, events of which your newspaper is well aware and which it has reported sufficiently on.

"For this very same reason, 'presuppositions' such as the one saying I have ties with drug traffickers, particularly the brothers Gilberto and Miguel Rodriguez Orejuela, are nothing but malicious insinuations. Again, I hereby reject the attempt at linking me to the drug cartels or the persons who identify themselves with them.

"As to the disciplinary procedures against high-level government officials, it is my constitutional and legal duty to carry them out, regardless of the officials' high positions. In the case of Deputy Prosecutor Adolfo Salamanca Correa, the final disciplinary decision will have to be made by the prosecutor general, according to the procedures in force.

"Similarly, and in strict compliance with my duty, I heard a complaint that presumably involves the behavior of Dr. Alfonso Valdivieso while he was education minister. Consequently, the undersigned has used no trickery or base resources to attain obscure purposes, as is inferred from the note I refer to, because it was plainly and simply the exercise of the functions I swore to carry out so that the standards that govern the public servants' behavior can be respected.

"As attorney general, I am concerned over the fact that a large sector of Colombian journalists again and again have ignored the juridical provisions related to the press, as if to ignore the most basic standards of journalistic ethics and violate the community's constitutional rights to receive reliable and impartial information from responsible media.

"I hope, Mr. Director, that the proper correction will be made, with due respect for the veracity and impartiality required by the exercise of freedom of expression, regarding each and every one of the groundless and biased remarks published in the newspaper. Also, I hope that, in compliance with this noble activity, the constitutional limits of this activity will be respected in the future."

Colombia: Economic Effects of Decertification Viewed

96SM0130A Santa Fe de Bogota EL TIEMPO
in Spanish 4 Mar 96

[Received via Internet]

[FBIS Translated Text] The decertification was a predictable phenomenon. On 15 February, EL TIEMPO had determined that this outcome was very likely to occur.

Precisely because of its predictability, the decertification should not have any immediate serious effects on the Colombian economy.

Nevertheless, with a view toward the year's end and beyond, it could have a major effect, because it heightens the uncertainty regarding the economy's stability.

All Right in the Very Short Term

The immediate effects of the measure will not be serious.

The economic agents had already discounted its effects. For example, last Friday the dollar quotation rose only 1 percent.

Moreover, the automatic sanctions associated with decertification are of no great magnitude. Colombia loses direct assistance from the United States, which is not a significant amount, as well as funds for military assistance unrelated to narcotics. It also loses credit from Eximbank [Export-Import Bank], the United States' vote in certain multilateral credit entities, and the guarantees granted by the Corporation for International Private Investments (OPIC).

These three latter effects could prove appreciable in particular instances, but their sum does not represent an amount that could hurt the progress of the economy.

Economy and Politics

However, the matter is not so simple. The negative effects on the economy are not equivalent to the brunt of the sanctions.

Given the manner in which the decertification was presented by the United States authorities, it is to be expected that they will be following the course of the Colombian political crisis very closely. It is not illogical to expect them to adopt additional measures if, in their opinion, no progress is made toward a satisfactory solution.

The way in which the State Department separates President Samper from the rest of the government is particularly ominous in this respect.

In a pessimistic scenario, it is possible that the president or the Congress of the United States may insist on the imposition of sanctions. If the response from Colombia is a rebuff of a nationalist, aggressive nature to the United States, fed by nationalism, an even more serious deterioration would be reached in the relations between the two countries, which would end up hurting foreign trade and investment.

The preceding is, of course, a pessimistic scenario. Nevertheless, it cannot be rejected today by any serious investor. The mere consideration of this scenario could be translated into a cautious behavior on the part of investors and consumers which, in turn, would bring less economic growth.

Back to the Same Thing

Decertification will cause a revival, with greater intensity, of the debate on the progress of the economy and the role incumbent on the Central Bank and the government in this area.

The government is operating with projections of economic growth for 1996 that fluctuate around 5 percent. According to the majority of observers, these projections are overly optimistic. It will soon be necessary to revise them downward, as the slowdown in the economy is confirmed.

When this occurs, the government will have to admit that the goals for tax collections will not be met. At that time, it will be forced to choose between maintaining its spending plans by financing them with greater debt, or curtailing them.

The Central Bank's Board of Directors will surely oppose any solution that does not entail an additional reduction in the spending plans. Given the fact that the increase in inflation during January and February is equivalent to 40 percent of the goal for 1996, the entity will be very demanding with respect to fiscal performance.

In addition, the bank will be concerned about devaluation. It has announced that it will not modify the exchange spread as a result of the decertification. For the present, it has no reasons for doing so.

However, a strong, constant pressure could be exerted on the dollar within the next few months. The bank will have to be ready to spend reserves in order to defend the spread, or to maintain high interest rates, or both.

In short, we can expect low growth, high interest rates, and more conflicts between the Central Bank's board and the government. The decertification has certainly led to the evaluation made today being more pessimistic than the one given at the beginning of the year.

Colombia: Columnist Views Decertification Decision
96SM0131A Santa Fe de Bogota EL TIEMPO
in Spanish 4 Mar 96

[Commentary by Juan Lozano — received via Internet]

[FBIS Translated Text] In Washington, they claim to have decertified Samper and not Colombia. But all of us Colombians must pay the costs, which are very high. Even if Secretary Perry says otherwise.

Certification is a detestable process: no one would deny that. All the popular epithets have been attached to it: neocolonial, imperialist, high-handed, etc., etc., etc. Those are sufficient examples. But why were they not attached to it when it was serving to give us millions in aid?

What happened last week is the painful result of our having accepted ground-rules constructed on the basis of the double standard that prevails in both Colombian and American society.

This is the masquerade ball.

This is the carnival of make-believe.

They do not have the moral authority to decertify us because of their dubious efforts to control drug consumption, nor do we have the moral authority to act outraged until the crisis stemming from Samper's presidential campaign is resolved. Even if 5,679 more Mafiosi surrender.

They consume there, and we continue producing here. Impunity prevails there, as well as here (still). The business there is a multimillionaire one, as it is here. In short, it is a two-way, two-faced, and two-sided sin.

Nevertheless, the preceding cannot lead us into the realm of blind nationalism.

In these times of riotous chauvinism I may be showered with wrath, but Samper's speech seemed to me irresponsible and selfish, to say the least. All we needed was a conflict with the gringos!

Your defense, President, is sacred; but it cannot be made at the cost of giving it precedence over all Colombians.

Your defense, President, is sacred; but it cannot be fought for in the carpeted trenches of power.

Your defense, President, is sacred; but you must assume responsibility for it. Not the flower growers, the business owners, nor the industrialists, but you, President. Don't forget: the presidential campaign was to elect you.

The high collective costs that we are paying for Samper's defense are already beginning to be felt.

And the account is overdrawn. Look at the Agricultural Credit Bank, Inravisión [National Institute of Radio and Television], the Social Solidarity Network, and decertification. Look at the military conflict (isn't it so?). Look at the economic slowdown (if not recession). Look at the anarchy, temporariness, and uncertainty.

Within this context, instead of continuing to radicalize positions and arouse emotions, this unfortunate episode of decertification should serve to restore cool heads, magnanimity, and creativity in the search for outlets.

The decertification should not distract the country from its determination to resolve its internal affairs, nor should it become a new factor for protracting the crisis. Rather, it should become a precipitator of an outcome in the direction most advantageous to the country.

If we agree that the decisions on Colombian domestic policy cannot be dictated from the White House, but realistically view the international scene and what the United States represents, it should be clear that we cannot continue to prolong this agony.

So, to prevent further prevarication, the Congress should, without tricks or frills, quickly put the process against the president in the hands of the Supreme Court. This is what most befits all the members of Congress; it is the best way for them to become reconciled with the country and to fulfill the oath that should guide all their actions.

Hence, I insist that the real judges of the president should be those who are beginning hear the process involving him. And if they must acquit him, he should be left fully acquitted, and if they must convict him, he should be left fully convicted.

But quickly.

Colombia: No 'Secret Witnesses' Allowed in Samper Trial

PA0103231896 Santa Fe de Bogota EL TIEMPO
in Spanish 29 Feb 96

[Received via Internet]

[FBIS Translated Text] Defense Attorney Luis Guillermo Nieto Roa has said that some news media want to fuel a feeling that President Ernesto Samper is guilty in order to arouse political reactions, but there will be no plaintiff at the trial.

Samper and Nieto yesterday rejoiced over the preliminary decision by Congress not to admit secret witnesses in the trial being conducted by the Accusations Committee. The president and his attorney said that this figure is warranted during trials aimed at dismantling highly dangerous criminal organizations. They stated that this

does not hold for Samper's trial, in which the country's clamor for honesty requires that anyone planning to support charges against Samper "show his face."

Samper and Nieto addressed this issue on separate occasions. Samper spoke at the conclusion of an official event at Narino Palace, and Nieto mentioned it after yesterday's deposition hearing before the Accusations Committee by Patricia de Castro, an adviser to now-Interior Minister Horacio Serpa during the past presidential campaign.

Prosecutor General Alfonso Valdivieso has insisted on the need to protect witnesses, mainly because some have cooperated with other investigations connected to Case 8,000. Valdivieso has proposed the addition of an article to the bill that would lift the veil of secrecy from the proceedings during Samper's trial. The Senate's First Committee accepted it, but the Chamber of Representatives' First Committee rejected it. Things standing as they were, the proposal failed to prosper.

"Who Will Check Him?"

Nieto said that the secret witness figure would be illegal in this case. The reporters asked him if he, therefore, believed that Valdivieso is breaking the law. "That is not for me to say. You should address that question to the people responsible for checking Valdivieso's actions," Nieto answered. Nieto also criticized the role played by the news media during this trial. He said that some "are trying to fuel a feeling that the president is guilty in order to arouse political reactions."

A new round of statements and testimonies began yesterday before the legislative committee carrying out the trial. The deposition of Mrs. Castro, Serpa's former adviser, lasted three hours. She guaranteed that she handled funds destined for the campaign's regional headquarters.

There Will Be No Plaintiff

Nieto also explained that there will be no plaintiff claiming damages in this case, because this happens when there is an injured party in a crime. "In this case, you could say that the whole country is the injured party, but its representative is Congress, an elected government body, which is responsible for doing the investigations." A few nongovernment organizations are gearing up to become plaintiffs.

The Attorney General's Office special agent in the trial was also ratified. He is former magistrate Fernando Gomez Gomez, who last year supported the writ of prohibition.

Gomez and Nieto took part yesterday in the deposition of Patricia de Castro by asking questions.

Colombia: Article Says Congress 'Worse' Than Ever

PA0503130596 Santa Fe de Bogota EL TIEMPO
in Spanish 1 Mar 96

[Article by Pasto City Mayor Antonio Navarro Wolff, president of the 19 April Movement Democratic Alliance, AD/M-19: "A Referendum and a Small Constituent Assembly" — received via Internet]

[FBIS Translated Text] When we studied the issues of Congress and the executive branch at the Constituent Assembly, we proposed the need to reduce a little bit the presidential power by assigning more duties to the legislative branch, including decisionmaking on the appointments of the comptroller general, the prosecutor general, and the members of the Constitutional Court, among others. In addition, Congress handles every constitutional reform. We wanted a stronger Congress that provide some counterweight to the constitutional emperor, the president of the Republic.

There was always the fear that these duties would be wrongly used by the voracious and insatiable Colombian political class. This is why we proposed and approved the so-called "impeachment," which was our initiative and was finally endorsed by the great majority of constituents. We wanted a new Congress. However, the impeachment ended in a vengeful return to witch-hunting.

The congressional chambers are now worse than they were five years ago. The forbidden subsidies returned in the form of specific allotments in the cofinancing funds, which handle more money than never before, approximately 350 billion pesos in 1996. If the Case 8,000 follows its course, I am certain than more than half the congressmen would end up availing themselves of the "Full Stop Law," which would start in this legislature.

Additionally, the authority to control has not been used yet both the attorney general and the comptroller general, who come from the purest parliamentary stock, refuse to ruffle their friends' feathers. This Congress is the haven to all the vices of Colombian politics, which the country hates. Its main objective boils down to getting benefits and being reelected.

This is why it is time to impeach them again. However, since a "capo" is not caught [perran] twice, the rules of the game must be changed so that they will not be able to scorn the nation's spirit of change.

No more countless reelections for the "fathers of the fatherland." No more impunity for electoral crimes. No more buying of votes. No more disguised subsidies. No more dance of the millions. No more appointed [de bolsillo] Electoral Councils. No more paid-for television advertisements. No more controlling organizations that fail to take control. No more influence peddling. No more corruption. We the constituents were naive and believed in a democracy in which petty politicians play with loaded dice. However, we knew that, with a Congress like the current one, the Constitution would be like a creature in the hands of Herod.

Beware of an even larger naivete. Let us not think that these individuals will reform themselves. We need a referendum and a small Constituent Assembly in order to include in the Constitution what is necessary to guarantee electoral processes, open a real opportunity to the opposition, stop the outrages of influence peddlers, and make the reforms the Constitution needs.

Colombia: Minister Denies Conflict With Military on Budget

PA0203022296 Medellin EL COLOMBIANO
in Spanish 28 Feb 96 p 2A

[FBIS Translated Text] Santa Fe de Bogota (Colprensa) — Defense Minister Juan Carlos Esguerra Portocarrero has acknowledged there is discontent in the military forces due to the budget cut. However, he denied there is a confrontation between him and the high command.

At the end of an act held at the Military Club, where retired officers honored him, the minister explained once more that he does not have any friction with the commanders of the military forces, the Army, the Navy, and the Air Force.

Esguerra stressed that the meeting the leadership held with President Ernesto Samper on 23 February at Narino Palace was held to discuss various aspects such as the budget cut. "I am constantly meeting with the military leadership; at the official level, we meet twice or three times a week to address all issues. We talk with sincerity," the defense minister said.

Minister Esguerra also denied that the alleged confrontation with the military forces is taking place because he failed to fight for a cut lower than the one the Finance Ministry pushed a few days ago for the budget of these institutions. "Budget cuts that were infinitely larger than the ones made for national defense were made for obvious reasons," the minister added in his explanation.

He pointed out that the report that he had not been invited to the 22 February meeting was false, because the president himself asked him to attend this meeting

with the generals. "I am unaware if the generals asked to meet with him without me. In addition, it would be very strange that they would meet without the defense minister," he affirmed.

Moreover, Esguerra maintained that if he had not been invited to the military high command's meeting, he would not have attended it, because, as he said in familiar terms, he never goes where he is not invited.

However, despite the good atmosphere Esguerra described, his explanations hinted that there is a constant discomfort by the Armed Forces because of the 38 billion peso budget cut that government made this year. "Each time this issue is addressed, there is some unconformity as if we were not pleased with the results we obtained. However, we have no choice but to accept it," he assessed.

Zuniga

As for the case of the announced retirement of General Hernando Camilo Zuniga, who is the acting military forces commander, the minister explained that the budget cut has nothing to do with this likely dismissal petition. "It has been said time and again that the government and the military high command supported him; however, we respect the personal reasons he had to request his retirement," the defense minister said.

Esguerra refused to mention what other officer could occupy Zuniga's post in case he retires and pointed out that we would have to wait for this decision prior to examining the issue.

Regarding the arrest of journalist Ana Luisa Mir, he underscored that he knows nothing more than what the media made public in its various dispatches and newscasts.

In the opinion of Minister Esguerra, the arrest of former Minister Fernando Botero Zea's friend is an issue that, even though is linked to national security matters, pertains to the DAS [Administrative Department of Security] and the organizations in charge of immigration affairs.

This is why he refused to comment on this situation. "We accept the national security matters that pertain to us, and I am responsible for them, but I cannot be responsible for issues others handle," he retorted.

As for the constant visits former Minister Botero receives at the Cavalry School, he also refused to comment on this, because, in this case, according to his own words, the matter pertains to the Prosecutor General's Office.

Colombia: Council of Ministers Approves More Budget Cuts

PA0203011496 Santa Fe de Bogota EL TIEMPO
in Spanish 28 Feb 96

[Received via Internet]

[FBIS Translated Text] The Defense Ministry, National Police, and the Judicial Branch will have to tighten further their belts in their 1996 spending, according to the cuts the Council of Ministers approved yesterday.

Although at first the government announced a cut in operational expenditures for 220 billion pesos, envisioned in the so-called belt decree, the Council of Ministers at the last minute decided to ease the squeeze and make cuts for only 141.936 billion pesos, heeding the concerns of some sectors such as the Judicial Branch that protested over the adjustment. In response to these complaints, the decision was made to ease the cut by 78.517 billion pesos.

According to the information provided by the Finance Ministry the cut for the organisms that comprise the nation's general budget will total 88.402 billion pesos, whereas the state's industrial and commercial enterprises and joint ventures will experience a cut of 53.533 billion pesos.

The government also decided to tighten spending in order to send a message regarding its intention of achieving the goal of an 17 percent inflation rate at the end of this year. The Bank of the Republic Board of Directors, however, feels that the government must make deeper cuts. Adjustments will be made in the following sectors: 17.016 billion pesos for the Defense Ministry; 10.264 billion pesos for the National Police; 7.010 billion pesos for the Judicial Branch; 8.013 for the Office of the Prosecutor General of the Republic; 2.834 billion for the Justice Ministry; 3.413 billion pesos for the for the Attorney General's Office. Percentage-wise, the Education Ministry was the least affected by the cuts in operational expenditures. At first, the adjustment was to total 12.121 billion pesos, but it will only be for 3.195 billion pesos, based on the cabinet's decision.

The cuts in the budgets of the Military Forces, the Police, and the Office of the Prosecutor General were not as harsh.

Ecuador

Ecuador: MOMEPE Says No Troops, Fortifications in DMZ

PY0403170796 Madrid EFE in Spanish
1822 GMT 3 Mar 96

[FBIS Translated Text] Quito, 3 Mar (EFE) — The Ecuador-Peru Mission of Military Observers (MOMEPE) reported today that no Ecuadoran troops, fortifications, or recently-built heliports were detected 10 km north of the Peruvian Watch Post 1 (PV1).

A communique issued by the MOMEPE, an organization of military officers from Argentina, Brazil, Chile, and the United States which observe the fulfillment of the peace agreement between Ecuador and Peru, states that "no troops, weapons, or fortifications were detected" near PV1 during a flight carried out on 23 February.

On 26 February, the MOMEPE received a note from Peru reporting the existence of Ecuadoran troops, heliports, and installations in the demilitarized zone (DMZ) along the border between the two countries in the jungle Amazon region of the Upper Cenepa, 350 km south of Quito.

The MOMEPE claims that the inspection flight in the Upper Cenepa area on 29 February 1995 "verified the existence of a rudimentary heliport, simply built without sophisticated installations, the construction of which is not recent."

The group of international observers claims "there is absolute tranquillity in the Upper Cenepa zone," but warns that it has been unable to inspect the other sector reported by Peru. It adds: "The verification process will continue at the first opportunity when meteorological conditions permit."

Ecuador and Peru are in a full process of negotiation, seeking mechanisms to help reach a definitive solution to the prevailing border conflict between these nations which waged a war between 26 January and 28 February 1995.

Ecuador: Report on Troop Withdrawal Not Yet Received

PY0503134796 Madrid EFE in Spanish
0123 GMT 5 Mar 96

[FBIS Translated Text] Quito, 4 Mar (EFE) — Ecuadoran Foreign Minister Galo Leoro Franco today stated that the Ecuador-Peru Mission of Military Observers (MOMEPE) has not yet handed over to that country the report on the presumed withdrawal of troops from the Peruvian PV2 [Watch Post 2], in compliance with a national demand.

"We have no official MOMEPE report," Leoro said in an interview granted to a TC Television [not further expanded or identified] reporter from the room of a private hospital where the foreign minister is recovering from the bruises caused by a fall over the past weekend.

Ecuador had asked Peru to reduce the number of troops at PV2 to 60 men, as a prerequisite to the opening of the envelopes that contain the lists of territorial problems between the two nations.

Leoro said he had no information on this report; therefore, "I can hardly speak positively on this."

The opening of the envelopes, which are in the hands of the MOMEPE, will take place in Brasilia in the presence of representatives of that multinational organization, of the guarantor countries (Argentina, Brazil, Chile, and the United States), and obviously of Ecuador and Peru.

When asked whether he had decided on the probable delegation to attend the opening of the envelopes that include the lists of "impasses," the territorial problems between the two countries, he said that "I can hardly say that I have named a delegate because this will be done only after the arrival of the official report" by the MOMEPE, which has not yet arrived.

"This is not the right moment for the opening of the envelopes," Leoro said, because "it coincides with my trip to Trujillo and with that of President Sixto Duran-Ballen."

He added that "various events will coincide; it would have been better before or after" the meeting of foreign ministers and presidents of the Andean Pact in Peru next weekend.

Leoro will probably be discharged from the hospital tomorrow, as he has not sustained serious injuries and surely will travel to Peru.

Ecuador and Peru engaged in an armed confrontation between 26 January and 28 February 1995 due to border disagreement involving the upper Cenepa River, 350 km south of Quito, in a barren valley of the Amazon region.

Ecuador: MOMEPE Confirms No Troops in Conflict Zone

PY0603005396 Quito Voz de Los Andes in Spanish
2300 GMT 5 Mar 96

[FBIS Translated Text] After a reconnaissance operation carried out in the zone where the latest military conflict between Ecuador and Peru took place, the MOMEPE [Ecuador-Peru Mission of Military Observers] today stated that it did not observe any deployment of troops nor the existence of fortresses in the area.

On 23 February, during routine air patrol operations, a rustic helicopter [as heard] and a light construction with rough wood planks and plastic were observed.

However, according to an official communique issued today by MOMEF, no troops, weapons, or fortresses were observed.

The communique states that the area was patrolled in view of charges submitted by Peru on 26 February mentioning the possible presence of troops, heliports, and facilities in the mentioned sector, which would represent a violation of the Itamaraty [Brazilian Foreign Ministry headquarters] Peace Declaration signed by the two countries in February 1995.

Ecuador: Brazil To Present Peru-Ecuador 'Impasses' Lists

PY0503185296 Quito Voz de Los Andes in Spanish
1700 GMT 5 Mar 96

[FBIS Translated Text] On behalf of the group of guarantor countries of the Rio de Janeiro Protocol, Brazilian Foreign Minister Luiz Felipe Lampreia tomorrow will formally hand over the lists of prevailing impasses, or of pending problems, to the governments of Ecuador and Peru.

The handing over of the lists is considered a preamble to direct talks between the two countries, which are disputing a 78-km unmarked stretch of the border zone in the common Amazon border region.

Talks must begin within the next few days in the presence of the deputy foreign ministers of the two countries, and the commanders of the Ecuador-Peru Mission of Military Observers, MOMEF.

The handing over of the lists containing the demands of the two countries concerning the zone in dispute will be done by the main ambassadors of Ecuador and Peru, and by the Brazilian foreign minister. Also present will be the ambassadors of the other three guarantor countries of the Rio de Janeiro Protocol [the United States, Chile, and Argentina].

Initially, it was said that the deputy foreign ministers of Ecuador and Peru would also participate in this ceremony. Ecuadoran Foreign Minister Galo Leoro Franco could be prevented from attending the Andean meeting in the Peruvian town of Trujillo, as a result of being hospitalized after suffering an accident.

The foreign minister was hospitalized in the Quito metropolitan hospital last weekend with problems to the backbone after suffering a fall in his house.

Ecuador: Duran-Ballen Briefs Congress on Peace Talks

PY0603023596 Madrid EFE in Spanish
0141 GMT 6 Mar 96

[FBIS Translated Text] Quito, 5 Mar (EFE) — Ecuadoran President Sixto Duran-Ballen, today appeared before the Ecuadoran unicameral Congress to inform its members about the state of peace negotiations with Peru, which are experiencing the greatest progress in more than 50 years.

Duran-Ballen went to Congress accompanied by the Defense Minister General Alfonso Alarcon and Foreign Minister Galo Leoro. Like the president, the two ministers will individually address the deputies.

The chief of state's report will be disclosed during a closed-door session attended by the majority of the 77 deputies.

Duran-Ballen postponed appearing before Congress until today because on the first date chosen, 29 February, he was suffering from a strong bout of the flu, which prevented him from briefing the deputies.

Unconfirmed versions asserted that during the past few hours Ecuador had allegedly been notified by the Ecuador-Peru Military Observers Mission (MOMEF) that Peruvian Watch Post No. 2 (PV2) had been demobilized and its troops reduced to 60 men.

The demobilization of the Peruvian post was demanded by Ecuador as the only condition to open the envelopes containing the list of border problems that will be the grounds on which the two nations will negotiate a definitive solution to the border dispute.

Military representatives of Argentina, Brazil, Chile, and the United States comprise the MOMEF, the organization in charge of supervising, at the site, the fulfillment of the peace agreements signed in Brasilia on 17 February 1995 by Ecuador and Peru.

Should the demobilization be confirmed, the envelopes containing the lists of "impasses," territorial problems between Ecuador and Peru, will be open in order to start definitive peace negotiations.

Leoro, who did not have the multinational organization's report at the time of his statements, asserted that Cesar Valdiviezo, Ecuadoran ambassador to Brazil, will be Ecuador's representative in Brasilia.

Ecuador and Peru engaged in a war between 26 January and 28 February 1995, due to territorial conflicts as the Cenepa River headwaters, a inhospitable region 350 km south of Quito.

Paraguay

Paraguay: Minister Views U.S. Report on Antidrug Efforts

PY0503180396 Asuncion ABC COLOR in Spanish
3 Mar 96 p 3

[FBIS Translated Excerpt] Justice and Labor Minister Juan Manuel Morales has contended that the accusations of lack of political will to combat drug trafficking lodged against Paraguay by the Clinton administration "are debatable. The United States does not have the last word on this issue because it may be mistaken." Morales went on to say: "I do not want to go into details, but I must say that while the United States demands a lot from us, it cooperates very little with us." Changing the subject, the justice and labor minister commented on corrupt practices prevalent in Paraguay, saying that corruption "is universal." Going back to the subject of certification, the minister wondered: Why don't they look into their country first before judging us?

Morales noted that the Clinton administration may have its own ideas, but "we believe that the public is very much aware that the Paraguayan Government has made a tremendous effort and worked really hard" in this endeavor.

The minister added that the Wasmosy administration is "doing its utmost" to combat and eradicate, as far as possible, not only plantations but also the drug trade." Morales underscored: "The United States does not have the last word. They may have their reasons, which we will study."

In reply to a question about the possibility that the United States may impose sanctions on Paraguay at any moment, Morales rejoined: "I do not know what type of sanctions they can apply against us." [passage omitted]

Paraguay: Editorial on 'Gravity' of Certification Issue

PY0603023796 Asuncion ULTIMA HORA in Spanish
5 Mar 96 p 18

[Editorial: "A Certification That Is Serious for the Country"]

[FBIS Translated Text] Some day we should try to be a more serious country. The official reaction to the U.S. certification and Paraguay's involvement in drug trafficking and money laundering is not in accordance with the problem's gravity. Besides, it does not seem wise to abuse of the international support for our process of democratic transition and continue ignoring the accusations made against us.

We cannot expect to hear compliments for our supposed efforts to fight drug trafficking as long as progress is

not made to clarify the assassination of General Rosa Rodriguez [late National Antidrug Secretariat chief] and more is done to persecute and punish large traffickers, fight money laundering, and prevent the traffic of cocaine through our country.

In this area only the facts matter.

The report released by the U.S. State Department international narcotics office includes very serious items. One of those items says that some \$4 billion return from Paraguay to the United States in \$100 bills every year and that this amount is significantly greater than the amount that returns from countries with more advanced economies such as Brazil and Argentina.

This figure must call our attention, because if true the problem of money laundering in our country possibly involves very significant amounts. The case should necessarily be of great concern, because sooner or later Paraguay could be at the center of an international campaign against drug trafficking money, and this would severely hurt the country's image and limit foreign cooperation.

Even worse, internally we would have to do something radical to prevent the nation from becoming a drug-dominated state, which would frustrate the dream of democracy in the country.

We cannot ignore either the repeated indications that "various government and military authorities are suspected of being involved in the laundering of money derived from illegal drug transactions." The government, supported by legislators and the most important political and economic agents, should seek more efficient channels and organizations to identify officials who are allegedly involved in illegal drug trafficking or money laundering operations. Then it should use all the force of the law to punish them. In this task, the help of U.S. agents could possible be of great help.

Congress, in turn, should no longer delay the approval of a more updated, complete, and severe legislation to fight drug trafficking and all its derived activities.

We have not seen anything recently indicating that we have improved in this area. The situation is very risky because the issues of money laundering and corruption are corroding the country's stability. It would be better to recognize that we have problems to face this fight and request more cooperation than return the accusations.

Paraguay: Reaction to Partial U.S. Certification

PY0503230096

[FBIS Report] The following is a compilation of reports on reaction carried by the Paraguayan media to the U.S.

Government's partial certification of the Paraguayan Government in its antinarcotics efforts.

Asuncion ABC COLOR in Spanish on 3 March publishes on page 2 a 400-word unattributed report noting Supreme Court Chief Justice Raul Sapena Brugada's reaction to the U.S. Department of State's International Narcotics Control Strategy Report. Sapena Brugada said that the "conditional certification" granted to Paraguay is mainly due to a lack of communication between the Paraguayan and U.S. Governments. The Supreme Court chief justice explained that this lack of communication arises from the fact that the Wasmosy administration claims that "it combats drug trafficking because it destroys marijuana plantations," while the Clinton administration counters that if Paraguay were waging a counternarcotics war in real earnest it would combat money laundering and cocaine in transit besides burning marijuana plantations. Sapena Brugada argued that "I honestly believe that both parties believe they are saying the truth." The Paraguayan Government is "convinced that it is fighting against drug trafficking by destroying marijuana plantations," while the U.S. Government is of the opinion that the most important thing is money laundering and the transit of cocaine through Paraguayan territory." In concluding, the chief justice said "it is much more efficacious to combat money laundering than to arrest some mules who only carry several grams of cocaine or burn marijuana plantations."

Asuncion NOTICIAS in Spanish on 3 March carries a 250-word unattributed article on page 14 reporting Vice President Angel Roberto Seifart's comments on the U.S. State Department report. Seifart stated that he fully agrees with Mexico in that the most important thing in drug enforcement efforts is the protection of the health of the Paraguayan people as a question of national sovereignty and not to obtain good marks from a foreign country.

The same source records on the same Sunday edition, in a 200-word article on page 14, remarks by Deputy Hermes Rafael Saguier from the Authentic Radical Liberal Party, PRLA, who said: "It is to be regretted that we have not done what was necessary to obtain a full certification from the United States because recognition in drug enforcement is a sine qua non for a country's insertion in the society of nations in a climate of trust and respect."

This same edition carries on pages 14 and 15 two 150-word unattributed articles noting reactions by PLRA Senators Fernando Pfannl and Armando Espinola to the fact that the Clinton administration certified Paraguay on account of U.S. national interests. Pfannl contended that Paraguay "has not made a major effort to undertake

a painstaking investigation into the top leadership of the drug trafficking network, particularly drug kingpins." Espinola argued that "it would have been of paramount importance for Paraguay to have been fully certified since that would have enabled us to obtain U.S. aid and cooperation not only in the areas of defense and drug enforcement, but also in the difficult task of streamlining and revivifying our productive and service sectors."

The same source on its 4 March edition publishes on pages 8 and 9 three 150-word unattributed articles on further reactions to the U.S. conditional certification of Paraguay. PLRA Senator Carlos Alberto Gonzalez believes that the fundamental problem in our country is that drug enforcement only results in the roundup of petty pushers or peasants who grow marijuana, while the drug barons are never caught. Colorado Deputy Bernardino Cano Radil, however, considered that the U.S. decision to certify Paraguay due to national interest was "unfair." He nonetheless acknowledged that Paraguay "has not done enough so far to counteract the devastating action of this scourge." National Encounter Alliance Deputy Marcelo Duarte, for his part, was of the opinion that the executive branch should give veritable political support to counternarcotics efforts since its actions have not been convincing enough to earn the trust of Paraguay and foreign countries.

Asuncion ABC COLOR in Spanish on 4 March publishes on pages 4 and 5 two 250-word unattributed articles on comments made by two PLRA congressmen — Senator Gonzalo Quintana and Deputy Francisco Jose de Vargas — on the certification issue. Quintana was of the opinion that Paraguayan authorities should look into the reasons why the United States only granted a conditional certification in drug enforcement adding that the United States should tell Paraguay "what it expects of the Paraguayan Government as far as drug enforcement is concerned so that we can then check whether we are doing the correct thing." De Vargas declared that "the United States refrain from decertifying Paraguay just to salvage this political process, which has sprang a leak right and left," because the Americans deem that "Paraguay does not cooperate in the least in the struggle against drug trafficking."

Peru

Peru: Tudela on Andean Summit, Talks With Ecuador, Chile

PY0503220796 Lima GESTION in Spanish 3 Mar 96 p 2

[FBIS Translated Text] Peruvian Foreign Minister Francisco Tudela considers "very positive" the U.S. Government's decision to fully certify Peru for its achievements

in the drug field, although he noted that our country does not consider this a valid system within international law.

Tudela explained that this decision is a U.S. domestic policy act that defines the U.S. attitude regarding the certified country.

Tudela said: "This is the first time since the measure was introduced that Peru has been fully certified and this means a recognition of its success against drug trafficking. In this sense it is positive."

He added that the certification is not the result of a pact among the countries that are certified by the United States, but rather a unilateral U.S. decision that has effects on the countries awarded that approval.

Tudela said that the certification awarded to Peru will allow the country to normalize efforts made by our government to obtain new credits from multilateral organizations.

In this sense, the certification guarantees an absolute normalcy that would not exist otherwise.

Regarding the conflict with Ecuador, he said that that country will not be able to veto, during the next round of negotiations, the full enforcement of the Rio de Janeiro Protocol and Braz Dias de Aguiar's arbitration.

Regarding the list of impasses, he reiterated that they will be definitive, that is, new points of disagreement cannot be added to this list.

He said that the list of Ecuadoran impasses will allow Peru to officially learn, for the first time since 1952, what Ecuador's objections on the borderline are. He also announced that the list will be disclosed in Brasilia on 4 or 5 March.

He noted that all the "disagreements" mentioned by Ecuador were only known unofficially and that there was no clear stance in this regard.

He insisted that knowing the Ecuadoran position will be very useful to design our negotiation strategy in the juridical and political field.

He added that the intervention of the guarantor countries enhanced the juridical guarantees of the Quito Agreement, the Itamaraty Peace Declaration, and the Rio de Janeiro Protocol.

In statements during a radio program, Tudela said: "Therefore, we believe these four nations should keep up this role in the future."

He said that Ecuador's stance regarding an "open arbitration" [arbitraje abierto] is not contemplated in the Rio de Janeiro Protocol and is not in keeping with the international agreements the country signed.

Tudela emphatically dismissed the possibility of modifying the agreements reached in Quito, as a result of the imminent change of government in Ecuador.

He said that the fact that a new government will take over should not modify Ecuador's decisions regarding its disagreements or subsistent impasses.

He added that the agreement recently signed in Ecuador is one between two nations and that the considerations and consequences deriving from it are compulsory both for Peru as well as Ecuador.

Changing the subject, he said that the 1929 Peace, Friendship, and Borders Agreement signed with Chile must be implemented, in a direct manner, without reaching complex formulas.

He said: "Our intention disclosed during the negotiations, seeks the most simple and realistic solution that will satisfactorily resolve the handing over to Peru of the port facilities in Arica and the fulfillment of other services by Chile."

Tudela went on to said that "obviously, following the signing of the Lima Conventions, Peruvian public opinion and the experts in international law rejected them because they believed they included some points that were regarded as "inconvenient."

He said that these inconveniences refer to the objection to the juridical aspects of the conventions. In this regard he mentioned that the 1929 Peace Treaty is the only valid document to solve pending issues, established in its complementary protocol.

Tudela added that, moreover, our relationship with Chile is experiencing a very fruitful moment of mutual cooperation and understanding in other bilateral aspects. He said: "There is no strain in our relationship."

Assessing President Alberto Fujimori's recent trip to Brazil, he said it was highly positive, according to the conclusions reached.

He said that this is the first time that Brazil's exit to the Pacific Ocean and Peru's to the Atlantic Ocean have been discussed directly.

Regarding the Andean Group's summit, he said that the institutionalization of "flexible measures" for the implementation of the Andean Common External Tariff should be discussed.

Tudela considered "decisive" the future meeting of that organization of integration.

He also said that the "strengthening of instruments related to tariff policies" must be discussed by the chiefs of state "to guarantee the group's survival."

Upon referring to the fact that Peru is not endorsing agreements referring to the Andean Common Tariff, Tudela said it was "not an arbitrary decision, but rather the consequence of an economic policy that establishes internal and external economic balances in the trade field." "It is not a matter of establishing tariffs for the sake of fulfilling abstract measures, because that could affect the country's economic stability."

Tudela also referred to the political content of the presidential meeting and stated that "it will be very important because the integral reform of the group will be decided."

Peru: 'Text' of Military Pact Signed With Ecuador
PY0503232196 Lima LA REPUBLICA in Spanish
5 Mar 96 p 3

["Text" of Joint Declaration and memorandum of understanding signed by General Nicolas de Bari Hermoza Rios, Peruvian chairman of the Armed Forces Joint Command, and Ecuadoran counterpart General Jorge Ortega Espinoza at the Peruvian Army Headquarters in Lima on 4 March]

[FBIS Translated Text] His excellency General Nicolas de Bari Hermoza Rios, chairman of the Peruvian Armed Forces Joint Command, and his excellency General Jorge Ortega Espinoza, chairman of the Ecuadoran Armed Forces Joint Command, met with the purpose of beginning a process of rapprochement between the Armed Forces of the two countries. This procedure is within the efforts of peaceful understanding and cooperation in which Peru and Ecuador are involved.

As a result of the talks held in Quito and Lima on 1 and 4 March 1996 respectively, they have agreed to establish a mechanism for a round of talks between the high commands of the Armed Forces of the two countries, which include measures for stimulating mutual confidence.

In accordance with the agreement signed for this purpose, the first round of talks will be held in the second half of this year in Lima.

Lima, 4 March 1996.

Signed: General Nicolas de Bari Hermoza Rios, chairman of the Peruvian Armed Forces Joint Command, and General Jorge Ortega Espinoza, chairman of the Ecuadoran Armed Forces Joint Command.

List of measures for stimulating confidence to be implemented immediately by the Peruvian and Ecuadoran Armed Forces.

1. To continue to support the peace process in which the two countries are committed.

2. To reestablish the mutual assistance of humanitarian nature in the border zones between the Armed Forces of the two countries.

3. To reestablish the bilateral intelligence conferences at the level of intelligence directors.

4. To reestablish the bilateral regional intelligence meetings between the commanders of garrisons and naval zones at the border regions.

5. To exchange military publications of interest for the Armed Forces.

6. To establish complementary mechanisms to comply with the security manual.

7. To carry out joint search and rescue operations in the land and maritime border zones.

Peru: Ecuador's Nonaggression Pact Idea Rejected Again

PY0603010296 Lima EL COMERCIO in Spanish
5 Mar 96 p A4

[FBIS Translated Text] It was learned that during the meeting between the Peruvian and Ecuadoran military commanders, Ecuador tried again to discuss its nonaggression pact proposal that was rejected during the meeting of the MOMEPA [Ecuador-Peru Military Observers Mission] and the talks between the Peruvian and Ecuadoran foreign ministers.

The discussion on the limitation of arms purchase was another issue that prolonged the meeting.

In this regard, there are agreements in the continent's security council [not further identified] that Peru fully respects.

It was decided that the detail of future agreements will be discussed with no haste in the upcoming military meetings and that the political-diplomatic aspects being negotiated at this level were avoided.

Regarding the measures of confidence, Peru presented a list of 18 points and Ecuador one of 13 points, and it was learned that an agreement was reached to have a general list of seven points, many of which are included in the security manual which is a regulation for the two countries in their border zone.

The regulation for the memorandum of understanding to reestablish the round of military talks was also discussed in meeting.

Although the meeting was strictly bilateral, in the beginning it included MOMEPA members, such as its coordinator General Francisco Albuquerque, and Colonels Gustavo Perez Poveda of the United States, Eduardo

Cattaneo of Argentina, Roberto Leon of Chile, Euclides Malacarne of Brazil, Jorge Brito of Ecuador, and Victor Olivari of Peru.

Peru: Fujimori Meets Balladares During Panama Visit

PY0603033396 Lima America Television Network in Spanish 0100 GMT 6 Mar 96

[FBIS Translated Excerpt] President Alberto Fujimori today had a full agenda during the first day of his visit to Panama.

After being welcomed by his Panamanian counterpart Ernesto Perez Balladares, Fujimori met with representatives of the Panamanian Chamber of Commerce, visited the Republica del Peru School and the Panama Canal. It is hoped this visit will contribute to strengthen relations between the two countries, especially in the drug enforcement field.

[Begin recording] [Unidentified reporter] The chief of state was received by his Panamanian counterpart Ernesto Perez Balladares at the Tocumen international airport, in Panama city, as well as the Peruvian official delegation comprised, among others, by the labor, energy and mines ministers, legislators, diplomats, and 38 businessmen who travelled in the brand new presidential Boeing.

After his arrival, President Fujimori went to the Panamanian Commerce, Industry, and Agriculture Chamber headquarters where he held three important meetings. During the first meeting an agreement was signed providing for a significant presence of Peruvian goods in Central American markets and for Central American products to enter the Peruvian market.

The second meeting was held with representatives of the Colon free port to discuss the possibility of Peruvian products being exhibited and marketed here.

The third meeting was held with the members of the Panama Canal Transition Committee. By the year 2000 the canal will be administered and managed by the Panamanian Government.

Regarding Peruvian-Panamanian integration, President Perez Balladares expressed his government's desire to join the Andean Pact as well as to consolidate the binational struggle against drug trafficking since huge sums of dollars are laundered in this country.

[Balladares] At some time we hope to be able to fully join and on good terms the Andean Pact. As you know, in addition to historical ties that we share with South America and Peru, we also share significant trade ties with the entire South American continent.

Therefore, this tightening of relations, that at one time were rather slack, are very important. [passage omitted] [end recording]

Tomorrow Fujimori is scheduled to open the Expo-Comer fair, the largest Central American commercial fair. This fair is the main objective of the Peruvian businessmen visiting Panama. The fair site is located a few kilometers from the Panama canal.

Peru: Minister Seeks Donations for Antidrug Plan

PY0503003096 Madrid EFE in Spanish 1029 GMT 4 Mar 96

[FBIS Translated Text] Lima, 4 Mar (EFE) — Minister of the Presidency Jaime Yoshiyama announced that in the next few days Peru will summon a table of international donors to promote alternative crop programs for coca plantations in the country.

Yoshiyama noted that countries such as Japan, the Netherlands, Germany, and the United States "are becoming aware" of the "absolute need" to continue helping Peru to eradicate coca plantations and replace them with other crops.

The Peruvian minister, who made the announcement, said that "Peru needs \$50 million to promote and aid alternative crop programs for coca plantations."

Yoshiyama said that this table will primarily comprise developed countries "who have the duty to support Peru in its struggle against drugs, because they are the main drug consumers."

After pointing out that the goal for 1996 are \$50 million, Yoshiyama voiced his optimism that the table will be able to gather that amount of money with the participation of the United States, Japan, Germany, and the Netherlands, among other countries.

The minister said: "We need to grant the farmers full financial support so that they may change their coca plantations for other crops such as cocoa, coffee, or soybean."

Yoshiyama made this announcement on 2 March, during a visit to Palma Pampa, Ayacucho, accompanied by representatives of the aforementioned countries and U.S. Ambassador Alvin Adams to "see for themselves the malnutrition and poverty" affecting the people of the region "because they are giving up coca leave plantations."

Yoshiyama said it "is absolutely necessary that these countries continue helping Peru as they have been doing so up to now," but that this help should be "with larger sums of money."

The minister noted the importance of promoting the development of alternative crops, especially cocoa, coffee, sesame, and soybean, which are produced in the jungle area.

He commented that in 1995 Peru received \$15 million from the AID for these alternative crops.

Moreover, the Peruvian Government, through the National Development Institute (Inade), has a \$44 million budget for the coming five years for alternative development programs in five different zones.

The approval of the Peruvian drug enforcement policy during 1995 "represents a great support to a great effort" started, since 1991, by President Alberto Fujimori himself, heading the drug enforcement program with the support of the Armed Forces and the National Police.

Yoshiyama said that in addition to the arrest of the main drug traffickers last year, some 100 clandestine airstrips were destroyed and 29 metric tons of drugs seized so far this year [as received].

Uruguay

Uruguay: Mermot Assumes Post as New Army Commander

PY0103203196 Montevideo EL OBSERVADOR
in Spanish 2 Feb 96 p 3

[By A. Lessa and E. Lanza]

[FBIS Translated Excerpt] In what constituted the sixth change of command in the Army since democracy was restored, on 1 February Lieutenant General Raul Mermot assumed the Army command, assuring that he will not tolerate any alterations. In so doing he sent a categorical message to those who act through anonymous third parties who, he said, cause an "enormous damage."

In his speech, Mermot reasserted verticality and discipline as the cornerstones of military life.

He also referred to the current Army agenda. Among his plans he reasserted the guideline of "not reviewing" human rights violations perpetrated by the de facto government as has been upheld by all the generals who have held the post of Army commanders. About the Berrios case, he said he believed it is better to wait for a final court ruling before adopting the proper decisions. Moreover, he categorically condemned the activities of anonymous groups within the institution. In his speech, Mermot also outlined the objectives he seeks to achieve during his administration.

Few political leaders were present during the ceremony among whom were Alberto Volonte, president of the Blanco Party directorate; UTE [General Administration

of Stat Electric Power and Telephones] Director Mario Carminatti and Senator Luis Brezzo. Also present were former military chiefs such as retired lieutenant general Hugo Medina, Gregorio Alvarez, Boscan Hontou, Guillermo De Nava, Carlos Berois and Juan Rebollo.

In his speech, Mermot said: "I will not tolerate any alteration (to the vertical chain of command) and those who choose to hide behind anonymity to pass judgement on Army members must be aware that while Army personnel trust their commanders (...) these irrational messages which cause an enormous damage and which disregard their effect will go unheeded."

Acknowledging the existence of groups that act within the Army he said: "I would like to believe that this indignant attitude for any military man is perhaps the work of those who only want to discredit the Army (...) by showing it as a conflictive institution."

Addressing the press, Mermot confirmed that the outgoing commander had all Army generals sign a letter but, he said, it was not intended to request support for his administration. He said: "This was a secret private internal document that Lieutenant General Curuchet sent to all the generals for our information and for our signature to express our approval. All of us signed this letter, including myself."

He said: "I want to say that no paragraph alluded to supporting my administration. The letter referred to three issues: To reject all anonymous statements that lead to nothing; to appeal to all general to transmit this rejection to these anonymous letters to our subordinates and what is more important, to grant an explicit support for General Pirez, the main one affected by these anonymous letters."

As his predecessors, he rejected the existence of brotherhoods. He said: "I cannot signal out the groups, nor say whether they are small or not. As everyone else, I have my suspicions but I have nothing concrete. If there are any indications, have no doubt that we will investigate in depth and that we will place the case at the disposal of the honor court."

After reassuring his conviction about the nonexistence of brotherhoods who subject new officers to initiation practices, he added: "In my 45 years of Army career I have never been invited to join a brotherhood, never." [passage omitted]

Despite the fact that the troubled times the Army is experiencing overshadowed a large part of the speech delivered by the Army commander, Raul Mermot did have time to explain the main guidelines he intends to push forward during his administration. The following are highlights of his speech:

— "(...) We must have an essentially professional Army that is isolated from any partisan interests, with a clearly defined doctrine whose only objective is to save the fatherland, defend its sovereignty, its territorial integrity and democratic institutions..."

— "We will grant particular importance to training and the conduction of multinational operational missions."

— "I hope (...) to maintain the current level of troops to safeguard the operational ability of the force (...) and to adequately and gradually improve their salaries."

— "I will promote a qualified seniority system [sistema de antigüedad calificada] (...) and we will implement a fair policy of promotions and assignments. One that is free from any favoritisms derived from actions that are not directly related to duty assignments."

— "The educational system will be constantly revised so as to achieve more effectiveness and professional training." [passage omitted]

Venezuela

Venezuela: President Urges Commitment To Economic Goals

PA0503161696 Caracas Venezolana de Television
Network in Spanish 2130 GMT 2 Mar 96

[Speech by President Rafael Caldera opening the new period of regular congressional sessions at Miraflores Palace's Sol del Peru Room in Caracas — live]

[FBIS Translated Excerpt] Mr. Congress President, Mr. Congress Vice President, Senators, and Deputies: On behalf of the executive branch and myself, I thank you for informing me, as you just did, of the closing of the special congress sessions and the opening of the new period of regular sessions.

I specially thank you for the refreshing tone of the speeches just given by the presidents of the chambers, their invitation to a dialogue, and their willingness to cooperate to attain state goals and serve those we owe all our devotion and support to: The Venezuelan people.

Venezuela is experiencing very delicate moments. We are going through a situation in which we must face economic and fiscal, as well as all other kinds of difficulties.

We are going through a moment in which democratic institutions have a special responsibility.

When I became president, by the people's will, I set out to fulfill my duties, primarily worrying about saving the image, prestige, receptiveness, stability, and strength of the democratic institutions, institutions that were built along many years, efforts, and struggles.

I have ignored suggestions to step out of the constitutional path because I believe that our common and solidaristic duty is to try to solve our problems abiding by the constitution and counting on the will and coordinated efforts of the members of the various public branches.

I am being asked to adopt measures, some of them tough measures, harsh measures, measures that will respond to the difficulties of the moment we are going through.

I am willing to adopt those measures and fully assume the responsibility that I must assume as chief of state. However, these measures — within the constitutional framework — cannot be simply a task by the executive. These measures must be the result of a common commitment by all public branches. Additionally, these are very important for the legislative branch.

The struggle against inflation, which is the evil that is devouring the economic possibilities of Venezuelans, calls for an increase in the sources of income and a reduction or freezing of public spending because the state is in a very difficult situation.

The burden of the debt, which is very heavy on our natural wealth and the obligations established by the laws and the Constitution, leave the national government with a very tight space in which to move when it comes to the area of public finances.

With regard to this, we need the clarity, definition, constructive dialogue, and cooperation mentioned by the presidents of the chambers in their speeches. We must make a common commitment to adopt these measures unhesitatingly. We must make them a reality efficiently and properly.

I am firmly convinced that the majorities in this country want us to reach an advisable agreement with the IMF. I have decided to postpone the meeting that was to be held in Washington with the participation of our delegation, because I felt it was risky to make proposals and recommend our Venezuela Agenda without having first secured, clearly and unequivocally, the regulations that Congress is willing to adopt to tackle the difficult economic situation.

We have difficulties to increase revenues. We must take the necessary steps so that the fiscal deficit may be lowered to manageable levels. However, we also have great difficulties in restricting public spending, so we need to reach an agreement not only among the public branches but among the various sectors in the civilian society. It must be an agreement among businessmen, workers, professionals and laborers. The members of the various sectors of civilian society must understand that restricting public spending is an indispensable condition

to overcome this difficult and complicated situation. It is an indispensable condition to definitely be on our way to a monetary and economic stability that will prompt inflation rates to drop to acceptable levels. [passage omitted]

Venezuela: Council of Ministers Discusses Budget

PA0203231296 Caracas EL NACIONAL in Spanish
22 Feb 96 p D2

[Report by Marielba Nunez]

[FBIS Translated Text] The Council of Ministers yesterday held a meeting in Miraflores Palace that lasted late into the night. The ministers discussed the budget knowing that changes could become necessary if Congress does not approve tax bills presented by the government.

Fernando Egana, chief of the Central Information Office, said in a brief summary of what was discussed, that the budget proposal of Venezuelan Petroleum Inc., (whose estimated income is 4 trillion bolívares for operations, 1.4 trillion for fiscal participation, and 1.5 trillion for investments) was approved.

Other budget projects that received the nod are those of Bitúmenes del Orinoco (61.534 billion bolívares), Palmaven (1.623 billion), Carbozulia (3.133 billion), Pequiven (236.14 billion), Conicit (21 billion), and the Youth Symphonic Orchestra Foundation (1.722 billion bolívares).

The Council of Ministers reiterated the parameters that will rule the budget: Austerity, fiscal discipline, a balanced budget. The ministers discussed budget priorities, especially those of the social sector. The new budget project depends on the Congressional approval of the tax laws, which is what determines the fundamental basis of income.

Reports according to which the president asked the cabinet to resign are untrue. Besides, cabinet changes are not discussed at Council of Ministers meetings. This is an exclusive prerogative of the president, as established in the Constitution.

Venezuela: Central Bank on Debt, Stabilization Bonds

PA0303020696 Caracas ECONOMIA HOY
in Spanish 23 Feb 96 p 3

[Report by Gregorio Salazar]

[FBIS Translated Text] The Central Bank of Venezuela (BCV) and the national executive branch have agreed on a system to refinance the foreign debt to reduce it from 1.6 trillion to 900 billion bolívares, estimated at

an exchange rate of 290 bolívares to the dollar, and to eliminate the Monetary Stabilization Bonds (TEM's).

As Edgar Paredes Pisani, Cordiplan [Office of Coordination and Planning] minister, made the announcements in Miraflores Palace, he described this decision as being essential within the negotiation process of the "Agenda Venezuela," because it means an "agreement of principles on the certification of the debt owed to the BCV."

A component pertaining to the debt swap procedure for investment is included in the agreement, and, in addition, "it means the possibility of having the monetary and fiscal policies operate, with the BCV's approval, in a better and coordinated manner."

According to Paredes, the government representative at the BCV Board of Directors proposed to modify the composition of the debt "in such a manner as to maximize the amortization of capital and minimize the amortization of interest."

Minimizing the amortization of interest also implies the ability to be able to work on the minimization of the fiscal deficit, which in turn concurs with the decision made yesterday at the Council of Ministers to set a maximum ceiling below 5 trillion to the 1996 budget.

According to Paredes, it must be taken into account that, in addition to the "large fiscal benefits," the BCV will be able to work in a healthier manner on monetary policies "with securities and assets, whether they are in dollars or bolívares, in hand so as to start replacing the TEM policies as soon as possible."

The TEM's, according to the minister, made the national treasury incur in a loss to the tune of 160 billion bolívares in 1995. "It is worth mentioning that it is a loss larger than the budget reduction of 146 billion bolívares that was agreed upon in late 1995."

He stressed that "this allocation could at least be minimized and possibly eliminated, which triggers another significant factor of guaranteeing the fiscal balance toward which we are aiming. I repeat: It is a mix of complementary and better fiscal and monetary policies, whether they are considered on an individual basis or as a set. This is why I believe it is a significant decision."

[ECONOMIA HOY] How much does the national treasury owe to the BCV?

[Paredes] That debt amounts to approximately 3.8 to 3.9 billion bolívares. The figures are being checked. I believe the figures must be checked, however, the main issue is to start drafting policies that would trigger stabilization and begin to instill trust.

[ECONOMIA HOY] Did the TEM's fail?

[Paredes] I believe that this policy turned out to be unadvisable, and the Board of Directors has admitted this.

[ECONOMIA HOY] Is this decision linked to the possibility of eliminating these bonds?

[Paredes] It is directly linked to the possibility of eliminating the TEM's and replacing them with bonds, whether in dollars or bolivares. Those who purchased them will not be adversely affected in the long run.

Venezuela: Fedecamaras Helps Government, Calls For Unity

PA0403143096 Caracas EL GLOBO in Spanish
26 Feb 96 p 2

[Interview with Jorge Serrano, president of the Federation of Associations and Chambers of Commerce and Industry, Fedecamaras, by Judith Martorelli; place and date not given]

[FBIS Translated Text] Paraphrasing the saying that goes "touch where it hurts," Jorge Serrano stated that those who disqualified the communique issued by Fedecamaras [Venezuelan Federation of Associations and Chambers of Commerce and Industry] were aware that the warning of a social outbreak "touches on a sore spot."

With this remark, Jorge Serrano replied to a statement made by MAS [Movement Toward Socialism] President Gustavo Marquez, who described Fedecamaras' warning as inconsiderate.

[Serrano] I do not want to argue with anyone, let alone with a member of the government party. We have called for meetings with all of the political parties because we are confident that we will smooth things over. I understand that some aspects involved are difficult because they touch on a sore spot of everyone who understands what we are attempting to say.

The Business Sector Is Willing To Help the Government

The Fedecamaras' president restated that the Venezuelan business sector is willing to use its best men's ideas to help the government's economic program. This position was adopted since the failed Anti-Inflation Pact was signed, holding as its main argument the erroneous economic decisions that the government has implemented without increasing employment rates or fighting inflation.

Serrano covered his back regarding a possible hike of minimum wages, which the National Congress re-

quested to the Executive Branch, given the position taken by the Venezuelan Workers Confederation [CTV]. The CTV has promised to initiate a campaign of protests to demand a wage increase higher than the one approved by the government.

[Serrano] While some individuals are calling for sit-downs and strikes (which will definitely bring the country to a collapse), we Venezuelan businessmen are stating that we wish to cooperate and if necessary, we will present an agenda as an aid to the one that the government is preparing. So we have told the Venezuelan president.

[Martorelli] **If you are willing to cooperate with the government, would you accept a hike of minimum wages?**

[Serrano] Our position is very clear. It was defined in the draft that was prepared last 9 January. This country needs an economic program that will encourage production and reactivate the economy so that families might have three or four jobs.

[Martorelli] **What do you expect President Rafael Caldera's response will be?**

[Serrano] He will certainly call us. I believe that he is willing to hold the constructive dialogue he has requested so that all sectors may move ahead.

Regarding the Executive Branch, the Fedecamaras president said the new agreement should respect the gentlemen's agreements that might be established because thus far, those previously agreed were not complied with due to merely political decisions. He mentioned clear examples like the Anti-Inflation Pact and the tripartite agreement to solve the problem of social benefits.

Fedecamaras Calls For Unity

[Martorelli] **Regarding the government's call for a dialogue, do businessmen feel that they have been deceived?**

[Serrano] No, we have not said so. Right now we are very capable of having an agreement and a dialogue with the government. We have met with them this week. We appeal to the need for unity in order to transform Venezuela.

[Martorelli] **Has Fedecamaras made the necessary contributions to maintain social peace in Venezuela?**

[Serrano] We have always followed that policy.

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